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ABSTRACT

This report presents the compilation of information gathered from hearings and oversight activities held in 1999 and 2000. Its primary focus is on the underlying policies behind success in education at all levels of government: policies that put student performance first. It offers the troubling news that for the first time since the National Assessment of Educational Progress began measuring academic achievement 30 years ago, an entire decade passed without significant and substantial gains. During the 1990s, achievement leveled off in most grades and subject areas and achievement gaps have not narrowed despite intensive federal efforts to target funds to disadvantaged students. In fact, for the last 12 years, most achievement gaps have been widening, and the gains made during the 1970s and 1980s were lost. The text argues that the current federal role does not reward results and that many federal education dollars were devoted to unproven programs. The report suggests that schools and districts be given more flexibility in the use of federal funds, that the amount of regulation in running the schools be lessened, that parents be empowered, that everyone is afforded access to a high-quality education, and that the money spent at the Department of Education is done so with integrity. (RJM)

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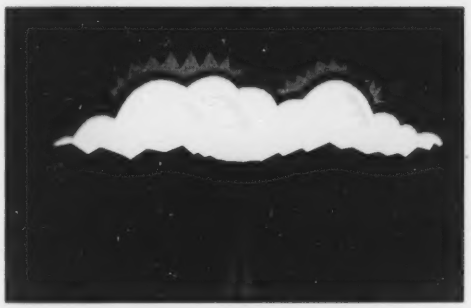
# EDUCATION AT A CROSSROADS 2000:

# *THE ROAD TO EXCELLENCE*



# Putting Student Performance First

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**SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS**
**COMMITTEE ON EDUCATION AND THE WORKFORCE**
**U.S. HOUSE OF REPRESENTATIVES**

**OCTOBER 2000**

This report has not been officially adopted by the Subcommittee on Oversight and Investigations and may not therefore necessarily reflect the views of its members.

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# INTRODUCTION

The Subcommittee on Oversight and Investigations of the Committee on Education and the Workforce issued the report *Education at a Crossroads: What Works and What's Wasted in Education Today,* by a vote of 5 to 2 on July 17, 1998. The report documented key findings from 22 Congressional hearings featuring 237 witnesses who testified about what works in education. Four themes emerged:

- ***parental empowerment and involvement;***
- ***local control;***
- ***dollars to the classroom; and***
- ***a focus on basic academics.***

Since publishing the *Crossroads* report, the Subcommittee has continued to hold hearings in Washington, D.C. and around the country to hear about what is working in education and what needs to change. The Subcommittee has also worked to ensure that the U.S. Department of Education does not waste tax dollars through its financial mismanagement, wasteful spending or fraudulent practices. Additionally, studies and reports released since the publication of *Crossroads* underscore the need for all levels of government to narrow achievement gaps so that no child is left behind.

This report seeks to build on the Subcommittee's findings by compiling information gathered from hearings and oversight activities held in 1999 and 2000. Its primary focus concerns the underlying policies behind success in education at all levels of government: policies that put student performance first. Still, the goal of the Crossroads project remains the same: to make a case for change in federal education programs, and in the Department of Education – a change that will improve the quality of education for all children in America.

# EXECUTIVE SUMMARY

## THE ROAD TO EXCELLENCE

In *Education at a Crossroads: What Works and What's Wasted in Education Today*, the Subcommittee reported that America's education system is at the intersection of two paths: one leading to excellence, the other to mediocrity. Through hearings and extensive research, the Subcommittee examined the characteristics of schools and districts that lead down the road to excellence as well as down the road to mediocrity - what is wasted in education.

During the 106th Congress, the Subcommittee has continued to look beyond the crossroads toward states, districts, and schools that have emerged as shining examples of excellence over the last two decades. How have they achieved excellence? By implementing policies that put student performance first.

### We're Not There Yet: The Stagnant Nineties End Decades of Growth

For the first time since the National Assessment of Educational Progress (NAEP) began measuring academic achievement 30 years ago, an entire decade has passed without significant and substantial achievement gains. Since the release of the previous *Crossroads* report, student achievement data has been released that gives us a complete picture of achievement over the last decade. The data shows that apart from some very small gains in math scores, achievement has leveled off in most grades and subject areas. This is after gains made during the 1970s and 80s. More troubling is that achievement gaps have not narrowed, despite intensive federal efforts to target funds to disadvantaged students. For example:

- In 1998, NAEP reading scores for 4th and 12th graders failed to improve over their 1992 levels.[1]
- Long-term trend NAEP scores for 1999 report only small, but statistically significant, gains in math scores for students aged 9 and 13.[2]
- 58 percent of disadvantaged children in 4th grade scored at the "below basic" level on the 1998 National NAEP Reading exam.[3]

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[1] National Center for Education Statistics, *NAEP 1998 Reading Report Card for the Nation and the States*, U.S. Department of Education, (Washington, D.C., March 1999), p. 17.
[2] National Center for Education Statistics, *NAEP 1999 Trends in Academic Progress*, U.S. Department of Education, (Washington, D.C., August 2000), p. xi.
[3] *Ibid*, p. 81.

- American 12th graders outperformed only two out of 21 nations in mathematics (Cyprus and South Africa);[4] Not one country scored below the United States on the assessment of advanced mathematics. In Physics, 12th grade scores were also at the bottom.

***Inequitable Achievement Gains***

Unlike the 1970s and 1980s, the 1990s have witnessed little or no reduction in achievement gaps. For the last 12 years, most achievement gaps have actually been widening, and the gains made during the 70s and 80s are beginning to evaporate. In just about every age group and subject the gaps have grown since 1986.

- Achievement gaps between White and African American 9-year-old students have not narrowed since 1975. The thirteen-year-old score gap in reading narrowed to its lowest -18 points - in 1988, and have since widened to 29 points in 1999. For 17-year-old students, the gap in reading was also its lowest in 1988 - 20 points - and has since widened to 31 points in 1999.[5]

- Over the past decade, the disparity between African American and White SAT scores increased by 3 points on the verbal section and 8 points on the math portion.[6]

***Frustration With the Status Quo***

According to *Public Agenda*, "the prevailing view is that public education as a whole is in bad shape and renewed efforts are needed to fix it." For example,

- 52 percent think local private schools do a better job of educating students - only 19 percent think public schools are better.[7]

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[4] The Third International Mathematics and Science Study (TIMSS) represents the most extensive investigation of mathematics and science education ever conducted. The study is sponsored by the International Association for the Evaluation of Educational Achievement, and is funded by the National Science Foundation and the National Center for Education Statistics.

[5] National Center for Education Statistics, *Trends in Academic Performance: Three Decades of Student Performance*, U.S. Department of Education, (Washington, D.C., August 2000), p.37.

[6] David Hoff, "Gap Widens Between Black and White Students on NAEP," *Education Week*, September 6, 2000.

[7] *On Thin Ice*, Public Agenda Online, www.publicagenda.org/specials/vouchers/voucherfindings6.htm.

- A 1999 Joint Center for Political and Economic Studies poll found that while 59 percent consider their local public schools to be excellent or good, only 39.7 percent of African-Americans rated their local schools that highly.[8]

- 58 percent of employers surveyed say that graduates coming from public schools lack the skills needed to succeed in the work world.[9]

In summary, while student performance has been the focus of recent education rhetoric, it has not been the focus in practice. Consequently, student achievement in America is not where it should be, and most Americans are not satisfied by the status quo. How did we arrive at this point?

**The Current Federal Role Does Not Reward Results**

*"...We must fundamentally change the way the federal government treats public schools. If we continue down the current road - where responsibility, authority, and accountability for American education flow not toward but away from parents, especially poor parents - then we will continue to see what we are seeing: too much low performance, too many bad schools, too many wasted lives."*[10] - former Secretary of Education William Bennett

Stagnant achievement and widening gaps are consequences of failing to put student performance first and to reward results. Instead of deciding what excellence in education should look like and putting together a plan that ensures students get there, education policymakers too often put first the primary need of the education "system" - compliance with its rules and requirements. As *Time Magazine* reported earlier this year, over the last eight years, "the Education Department has done little to reward schools that flourish and nothing to sanction schools that persistently fail."[11]

Since 1965, when Washington embarked on its first major elementary-secondary education initiative, federal policy has strongly influenced America's schools. Although education is generally considered a state and local responsibility, over the years Congress has created hundreds of programs intended to address problems in education. Creating a "program for every problem," as the *Crossroads* report found, begins to add up, so much so

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[8] David A. Bositis, "1999 National Opinion Poll, Education," *Joint Center for Political and Economic Studies*, 1999.

[9] *Clarifying Issues 2000*, "Education", Public Agenda, www.PublicAgenda.org.

[10] Testimony of Dr. William Bennett, Field Hearing on "Chicago Education Reforms and the Importance of Flexibility in Federal Education Programs", Subcommittee on Oversight and Investigations, Chicago, Illinois, April 19, 1999.

[11] Eric Pooley, "Who Gets the 'A' in Education," *Time*, March 27, 2000.

that there are now more than 760 "education" and "education-related" programs spread across 39 federal agencies at a cost of $120 billion a year. The shape of new education programs is often determined by political polls and focus groups, rather than the actual needs of students and teachers.[12]

These program dollars come with significant strings attached. While federal dollars make up only about seven percent of America's total budget for K-12 education, the Subcommittee as well as other researchers have documented that Washington's role is significant when it comes to setting state and local priorities, and in determining the tenor and content of the national conversation about education.[13] Without asking whether or not programs produce results, or knowing their impact on local needs, Washington each year funds an increasing number of education programs instead of focusing additional funds on proven programs. According to the Congressional Research Service, the number of Congressionally-funded programs at the Department of Education has steadily increased for the last four fiscal years.

*"In medieval times, people were sometimes pressed to death by having heavy stones piled upon their bodies until all breath and life was squeezed from them. The current U.S. Congress made a valiant attempt to lift some of those stones from the body of state and local folks. Certain very worthwhile successes were achieved but all too many stones remain. We still await the day when ESEA can truly be redesigned to fulfill the dreams we had for it in 1965..."*[14]—Colorado Commissioner of Education

The creation of new and unproven programs increases the federal burden on districts and States, which must adjust their priorities to match federal priorities in attempting to receive more federal dollars. Thus, ineffective new programs may not only waste federal dollars, since they can produce a ripple effect, causing district and state funds to also be spent inefficiently. It is essential, then, that the federal role be to invest in what works and to reward success.

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[12] Mark Pitsch, "Clinton Casts Education in Starring Role," *Education Week*, October 23, 1996.

[13] Chester Finn, Jr., Marci Kanstoroom, Michael Petrilli, "Overview: Thirty-Four Years of Dashed Hopes," *New Directions: Federal Education Policy in the Twenty-First Century*, The Thomas B. Fordham Foundation, March 1999.

[14] Testimony of William Moloney, Field Hearing on "The Impact of Federal Policies on State and Local Efforts to Reform Education," Subcommittee on Oversight and Investigations, Lakewood, Colorado, January 25, 2000.

**Dumping Education Dollars into Unproven Programs**

Because political concerns have taken priority over the practical needs of students and teachers, the number of federal education programs is increasing faster than the body of knowledge concerning what schools need and what works in the classroom. The priorities of researchers have been placed ahead of students, and as a result, education research has been impoverished. The current federal role in education research is to fund a confusing array of research centers, labs, technical assistance centers and other entities located around the country.

- **Federal research and evaluation is inadequate:** According to the U.S. General Accounting Office (GAO), "information about the federal education effort is needed by many different decision makers....much of that information, however, is not currently available.." This is because "few evaluations of successful strategies exist, and many of the existing evaluations lack the methodological rigor needed to determine effectiveness."[15]

- **The research community fails to deliver:** According to the National Research Council, "social science research currently provides few definitive answers about how to improve educational outcomes for [disadvantaged] children."[16] A RAND Education study found that "the research and development community in education has been unable to provide consensus results or pilot tested policies and practices that could guide policy makers and educators to more effective practices."[17]

- **So many studies, so little knowledge**: Congress established the National Reading Panel to evaluate existing research on the most effective approaches for teaching children to read. The panel examined thousands of studies on reading instruction - some conducted as far back as 1966. After an exhaustive review, the panel concluded that less than one third of the studies met their standards for academic and scientific rigor.[18]

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[15] U.S. General Accounting Office, *Federal Education Funding: Multiple Programs and Lack of Data Raise Efficiency and Effectiveness Concerns*, Statement of Carlotta Joyner before the Senate Education Task Force, GAO/T-HEHS-98-46, November 6, 1997, p. 12-13.

[16] National Research Council, *Making Money Matter: Financing America's Schools*, National Academy Press, Washington, D.C., September 1999, p. 268.

[17] David Grissmer, Ann Flanagan, Jennifer Kawata, Stephanie Williamson, *Improving Student Achievement: What State NAEP Scores Tell Us*, (RAND: Santa Monica, California, July 2000), p. xxxvi.

[18] Testimony of Dr. Reid Lyon, Chief, Child Development and Behavior Branch, National Institutes of Health, Hearing on "Options for the Future of the Office of Education Research and Improvement," Subcommittee on Early Childhood Youth and Families, Committee on Education and the Workforce, May 4, 2000.

Because so little is known about what programs work, it is all the more important for policymakers to grant flexibility at the state and local level, where schools and teachers know the unique needs of their students and how to help them succeed. Similarly, the federal government should not waste resources on unproven new programs whose methods are not backed by solid scientific research. The road to excellence cannot be traveled unless there is good information to provide signposts along the way.

**The Federal Role Takes its Toll**

The cumulative effect of hundreds of federally designed programs and requirements, many of which are not all grounded in credible research, continues to take its toll at the state and local level. After the first *Crossroads* report, the Subcommittee heard witnesses testify at hearings nationwide that many well-intentioned federal programs provide funding with burdensome requirements that have nothing to do with producing results. Others testified about the burden of the special education mandate and the significant resources it requires of districts.

- **Regulations:** A Superintendent described his experience with federal programs: "My staff and myself spent over 600 hours trying to decipher [federal special education requirements], so it may be something that you want to consider in the future once you pass something. Six hundred hours is a lot of hours. ...Every law that's passed has a tremendous impact on us as far as staff."[19]

- **Accounting requirements:** Another superintendent described her experience with a particular federal requirement: "...the district currently spends a minimum of three man-days per month creating the documentation of use of federal funds as a supplement to district funds, rather than supplanting."[20]

- **Unfunded Mandates:** Many people working at the local level have concerns about special education funding. For example, one state representative told the Subcommittee "one of the most positive things Congress could do is to fund the federal special education mandates, before you consider any new programs. You would all be heroes in your home states for doing so!"[21]

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[19] Testimony of John DeLine, Superintendent of Tekonsha Community Schools, Hearing on "Improving Student Achievement and Reforming the Federal Role in Education," Subcommittee on Oversight and Investigations, Battle Creek, Michigan, September 8, 1999.

[20] Testimony of Susan Sclafani, Houston Independent School District, House Budget Committee's Education Task Force, June 14, 2000.

[21] Testimony of Minnesota State Representative Alice Seagren, Hearing on "School Choice and Parental Empowerment," Subcommittee on Oversight and Investigations, Bloomington, Minnesota, June 6, 2000.

- **Paperwork:** Despite recent reductions, the Department still requires more than 38 million hours of paperwork a year – the equivalent of 18,000 employees only filling out forms for one year.[22]

In short, little has changed about the burden federal requirements place on school districts. These requirements continue to divert local resources into federal programs of unknown effectiveness and require compliance with numerous rules that have little to do with improving educational outcomes.

## BROKEN PROMISES: REINVENTION AT A CROSSROADS

> *"The [education] department has suffered from mistrust and management neglect, almost from the beginning. To overcome this legacy and to lead the way in national education reform, ED must refashion and revitalize its programs, management and systems."* -The Report of the National Performance Review, Office of the Vice President, September 1993

The Administration has failed to achieve its goal of reducing the burden that the federal government imposes on school districts. As Vice President, Al Gore has presided over the National Performance Review (NPR), the stated purpose of which is "to create a government that 'works better, costs less, and gets results Americans care about." Back in 1993, Gore and the NPR identified the Department of Education as a troubled agency in need of significant reform. ED was to be "reinvented" as a high-performing outfit.

In retrospect, it is clear that this never came to pass. During the past eight years, Many NPR recommendations have not been fully implemented, others not at all. Despite the Vice-President's good intentions, NPR has not produced significant results, either for the Department of Education, or for America's children. The most obvious proof is ED's ongoing bookkeeping nightmares and the numerous reports of waste, fraud and abuse concerning the agency and its programs. Some examples:

> "Vastly improved financial management is a critical part of the overall effort to reinvent government...if a publicly traded corporation kept its books the way the federal government does, the Securities and Exchange Commission would close it down immediately."-The Report of the National Performance Review, Office of the Vice President, September 1993

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[22] See: U.S. Department of Education, *1999 Performance Indicators and 2001 Plan*, p. 146.

- **Flunking Math:** The Department has failed its agency-wide audit for the past two years. ED was the last federal agency to receive an audit opinion FY 1998. The report was issued eight months after the statutory deadline. Even with the extra time, auditors could not express an opinion on any of the agency's financial statements. Anomalies included an $800 million balance for a single student loan, a $6 billion discrepancy in the financial statements and $700 million placed in an inappropriate account.

  The ensuing FY 1999 audit report, released on March 1, 2000, was another failure, and the immediate future also appears grim. The Department does not intend to have an effective accounting system in place until the middle of 2001, which means the FY 2000 and FY 2001 audits reports are likely to disclose continued severe financial management problems.

- **Readin', Ritin' And Robbery:** A theft ring involving collaboration between outside contractors and ED employees operated for at least three years, stealing more than $300,000 worth of electronic equipment, including computers, cell phones, VCRs and even a 61" television set. It also netted from the agency more than $600,000 in false overtime pay.

- **Dead...And Loving It:** ED improperly discharged almost $77 million in student loans for borrowers who falsely claimed to be either permanently disabled or deceased, according to an Inspector General (IG) report released in June 1999.

- **Failing Proofreading 101**: In September 1999, ED printed 3.5 million financial aid forms containing errors -- incorrect line references to the IRS tax form. The forms were destroyed and the 100,000 of them that were distributed to schools had to be recalled. The cost of the error, according to an ED official: $720,000.

- **Low-Impact Aid:** The Impact Aid grant program sends money to school districts serving children living on military installations or Indian reservations. In April 2000, two South Dakota school districts failed to receive expected Impact Aid grant payments totaling $1.9 million. According to a Justice Department complaint filed in July, the money had been electronically wired by an ED employee into two bank accounts set up by con men. Stolen funds from one bank account were used to purchase a 2000 Cadillac Escalade and a 2000 Lincoln Navigator. Stolen funds from the other bank account were used to purchase real property in the State of Maryland worth $135,000.



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"We didn't have to empty the pop machines to make payroll, but it came close."--Chris Anderson, superintendent of the Bennett County, South Dakota School District whose Impact Aid grant funds failed to arrive on schedule.

- **Congratulations, You're Not A Winner**: When Linh Hua, a graduate student at the University of California, Irvine, received a letter informing her that she had been selected to receive an ED graduate fellowship worth as much as $100,000, she had no reason to question the integrity of the offer. But a few days later, Hua received a message on her answering machine that she had received the letter in error, due to a mistake by an ED contractor. The contractor had erroneously sent award notification letters to 39 students informing them that they had won the awards, which cover up to four years of graduate school tuition and living expenses.

These are just a few examples of how the Administration has failed to "reinvent" the Department of Education so that it better serves the needs of parents and students.

## HOW DO WE GET TO EXCELLENCE FROM HERE?

At each level of education, excellence is achieved by putting student performance first. Results for <u>all</u> children from all backgrounds are what really matter. The way in which a given teacher, school, district or state decides to produce results will often vary. The key, however, is for everyone to be held to high standards. And it is not the government's role to micromanage how those standards are met. The federal role should be to remove obstacles that prevent state and local education officials from implementing programs that work for their students.

### Flexibility for Schools and School Districts

> *"Simply put, what we want is greater flexibility in the use of federal funds coupled with greater accountability for achieving the desired results."* - Paul Vallas, Superintendent of Chicago Public Schools[23]

In 1991, Minnesota's Governor Arne Carlson (R) enacted the first charter school law in the nation was enacted under. What started as just a trickle is now a tidal wave, with

[23] Statement of Paul Vallas, Field Hearing on "Chicago Education Reforms and the Importance of Flexibility in Federal Education Programs", Subcommittee on Oversight and Investigations, Chicago, Illinois, April 19, 1999.

more than 1,484 charter schools in 36 states, including Washington, D.C.[24] For almost a decade, the idea of granting freedom from process requirements and regulations in exchange for accountability for producing results has swept many parts of the country and has inspired numerous education reforms at the state and federal level.

- **Charter Schools**: State charter school laws free schools to put the needs of children first by giving them flexibility and freedom in managing their school and staff. The Subcommittee heard from a charter school in Florida that saw achievement gains and a $60,000 surplus in their first year. Another school used its charter status to creatively meet the needs of special education students.

- **States "Demandating" Districts:**

  - **Regulatory relief for Chicago:** The Subcommittee visited Chicago in April 1999, the site of the first Crossroads hearing in 1995, and a city which ten years ago was one of the worst school districts in the country. In 1996, the state of Illinois "de-mandated" the city to free it to implement an aggressive reform plan. Since then the city has seen continuous improvement in academic achievement and graduation rates.

  - **Flexibility with Accountability Produces Achievement gains in Texas:** By holding schools accountable for improving the achievement of all students and granting flexibility to reach those goals, Texas has led the country in improved achievement and narrowing achievement gaps, according to the Texas Assessment of Academic Skills (TAAS) and the National Assessment of Educational Progress (NAEP). From 1994 to 2000, the percentage of Texas students passing all parts of the state skills test (TAAS) has increased by 51 percent, and the number of both minority students and economically disadvantaged students passing TAAS increased by 89%. On the 1996 NAEP Math Test, Whites and African Americans in Texas had the highest scores in the nation, and Latinos in Texas had the second highest scores in the nation.

  - **"Charter districts":** Florida is experimenting with the concept of charter districts, granting charter status to certain districts based on an application setting forth certain performance goals. In exchange, the districts are freed from 800 pages of state requirements.

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[24] As of September 1999. See: U.S. Department of Education, *State of Charter Schools 2000: 4th Year Report*, January 2000, p. 1.

**Empower Parents**

Putting student performance first also means empowering parents to make the best decisions about their child's education.

- **Choice leads to achievement gains:** The Subcommittee visited Florida, where the state empowers parents to send their children to a school of choice if their local school receives a failing grade for two years in a row. For the 2000-2001 school year, the second year of the program, no additional schools received "failing" grades and scores improved overall statewide. Further building the case for choice, two studies were released in August 2000 finding achievement gains among recipients of privately funded vouchers in Washington D.C., Dayton, OH, Charlotte, N.C., and New York City.

- **U.S. Department of Ed study calls for choice experiment:** In addition to public opinion favoring testing vouchers, a 1999 National Research Council (NRC) study commissioned by the U.S. Department of Education called for a "large and ambitious" ten-year, multi-district voucher experiment. According to the report, a large-scale voucher study would help determine whether giving public school students vouchers to pay for tuition at private schools can improve achievement, especially for students in poor, urban areas.[25]

- **Study finds education freedom linked to higher student achievement:** A recent study found that even after controlling for income, population demographics, income, education spending and class size, the amount of education freedom in a state is a significant predictor of student achievement. Texas and South Carolina, for example, are similar in characteristics that are commonly thought to influence student achievement, but Texas test scores are significantly higher. Texas offers more freedom, ranking 6th among states. South Carolina received a score that placed them 43rd.[26]

**Congress Works to Free States to Put Results First and Reward Success**

Inspired by the success of charter schools, and the success of Chicago and states like Texas, Congress took some important initial steps in rolling back federal requirements in order to place more of an emphasis on results.

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[25] National Research Council, *Making Money Matter: Financing America's Schools*, National Academy Press, Washington, D.C., September 1999, p. ES-18-19.

[26] Jay P. Greene, *The Education Freedom Index*, Center for Civic Innovation at the Manhattan Institute, *Civic Repot No. 14*, September 2000, p. 15.

- **Dollars to the Classroom:** The House has made it a priority to send more dollars to the classroom. On September 18, 1998 the House passed the *Dollars to the Classroom Act* (H.R. 3248) by a vote of 212-198. This bill consolidates duplicative education programs and ensures that 95 percent of federal dollars reach the classroom. On October 12, 1999, the House passed H. Res. 303, the *Dollars to the Classroom* Resolution, which called on Congress to work towards ensuring that more federal dollars are used in the classroom to improve achievement

- **More flexibility by expanding "Ed-Flex":** Congress lifted the cap on the number of states that can apply to participate in Ed-Flex through *The Education Flexibility Partnership Act of 1999* (P.L. 106-25). Ed-Flex allows states to approve local waiver requests, instead of locals having to apply directly to the U.S. Secretary.

- **"Charter States":** *The Academic Achievement for All Act* (Straight A's) is similar to the concept of charter schools: grant freedom from regulations and process requirements in exchange for accountability for producing results. Under Straight A's, Washington assumes the role of shareholder, not CEO, of the nation's education enterprise. Rather than micromanaging the day-to-day uses of federal money, it lets States manage their schools and dollars as they see fit in return for an agreed-on return on the federal investment in terms of gains in academic achievement.

- **Fulfill Federal Commitment to Special Education:** In order to assist states and somewhat relieve the burden of this mandate, the House passed H.R. 4055, the *IDEA Full Funding Act of 2000*, which authorizes an increase of $2 billion for each fiscal year so that by FY 2010 the appropriation is authorized at $25 billion. According to Department of Education estimates, $25 billion is enough to ensure that the federal government's commitment to fund 40 percent of the national average per pupil expenditure would be met.

## CONCLUSION: PUT CHILDREN FIRST SO THAT NO CHILD IS LEFT BEHIND

Over the last two years the Subcommittee on Oversight and Investigations has collected research, oversight and hearing data that continue to make the case that changes need to be made at all levels of government to ensure that children are truly put first in education. The lack of progress in improving achievement and narrowing achievement gaps, as well as the continued inequities in access to high quality education are unacceptable. Years of mismanagement, fraud and waste at the Department have also hurt children by reflecting poorly on the federal government's commitment to education.

Simply put, the interests of children and parents are second to too many other interests. Too often education policy debates are not honest because of a fear of change and of any new policy that disrupts the status quo. Americans are not satisfied with the status quo - especially Americans with children trapped in low-performing schools. Congress should act swiftly during the next Congress to enact legislation that is right for children and their parents.

***Empower Parents***

- ✓ Expand, empower and protect charter schools.
- ✓ Enact education tax deductions.
- ✓ Encourage school choice.

***Expand Flexibility and Accountability for Results***

- ✓ Empower school districts to improve teacher quality or reduce class size according to their needs.
- ✓ Put performance and accountability first and enact the Straight A's Act.
- ✓ Empower schools to pay teachers according to their performance
- ✓ Focus the federal role in education on important goals and consolidate and eliminate duplicative and ineffective education programs.

***Work to Ensure that ALL Have Access to a High Quality Education***

- ✓ Place a priority on raising the achievement of all students, even the lowest performing students.
- ✓ Free children from failing schools.
- ✓ Fight illiteracy among disadvantaged students.

***Ensure that Federal Dollars are Spent With Integrity at the Department of Education***

- ✓ Conduct oversight to ensure that the Department meets its goal of receiving a clean, independent audit.
- ✓ Institute institutional checks and balances to ensure that education research, statistics and evaluations are conducted and presented in a rigorous and unbiased manner.
- ✓ Work to improve overall management and quality of the Department's management of its finances and internal operations in order to reduce waste, fraud and abuse.

***Make the Federal Role in Education Less Burdensome***

- ✓ Eliminate or consolidate duplicative programs.
- ✓ Eliminate ineffective programs
- ✓ Improve evaluation and oversight of federal programs to ensure that federal dollars produce results.
- ✓ Reform the Department's Office of Education Research and Improvement (OERI) so that it serves the needs of teachers and students, not researchers, so that we know what really works in the classroom.
- ✓ Ensure that federal research and program evaluation activities employ rigorous research methods in order to produce credible, useful results.

There is too much at stake to allow the federal education system to dictate how children are educated in the United States. There is too much at stake to waste scarce resources on mismanagement and failed programs. Congress should work to make the difficult policy decisions that need to be made at the federal level, and empower states and parents to ensure that student performance is put first, not the status quo.

# THE ROAD TO EXCELLENCE

## PART I: WE'RE NOT THERE YET

In *Education at a Crossroads: What Works and What's Wasted in Education Today*, the Subcommittee reported that America's education system is at the intersection of two paths: one leading to excellence, the other to mediocrity. Through hearings and extensive research, the Subcommittee examined the characteristics of schools and districts that lead down the road to excellence as well as down the road to mediocrity - what is wasted in education.

During the 106th Congress, the Subcommittee has continued to look beyond the crossroads toward states, districts, and schools that have emerged as shining examples of excellence over the last two decades. How have they achieved excellence? By implementing policies that put student performance first.

### *What Does Excellence Look Like?*

For the first time since the National Assessment of Educational Progress (NAEP) began measuring academic achievement 30 years ago, an entire decade has passed without significant and substantial achievement gains. Since the release of the previous *Crossroads* report, student achievement data has been released that gives us a complete picture of achievement over the last decade. The data shows that apart from some very small gains in math scores, achievement has leveled off in most grades and subject areas. This is after gains made during the 1970s and 80s. More troubling is that achievement gaps have not narrowed, despite intensive federal efforts to target funds to disadvantaged students.

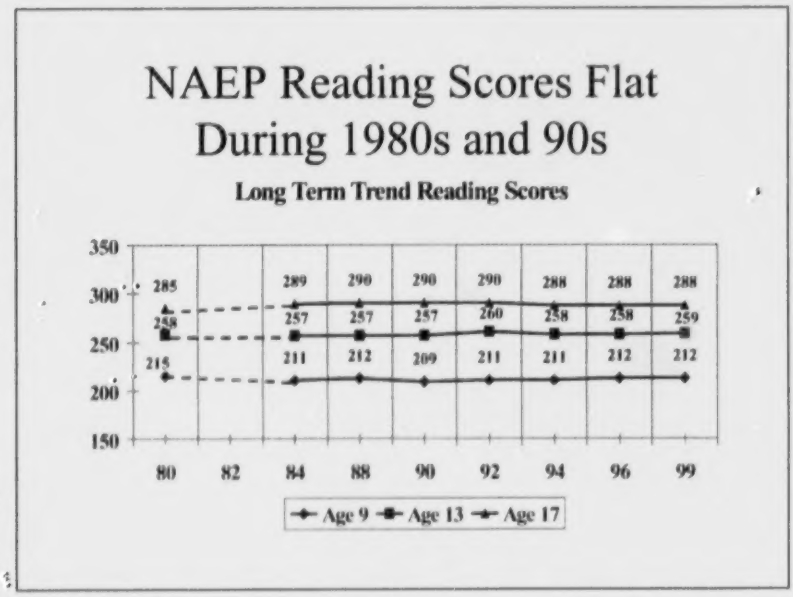
### *The Stagnant Nineties End Decades of Growth*

- In 1998, NAEP reading scores for 4th and 12th graders failed to improve over their 1992 levels.[27]
- Long term trend NAEP scores for 1999 report only small, but statistically significant, gains in math scores for students aged 9 and 13.[28]

[27] National Center for Education Statistics, *NAEP 1998 Reading Report Card for the Nation and the States*, U.S. Department of Education, Washington, D.C., March 1999, p. 17.
[28] National Center for Education Statistics, *NAEP 1999 Trends in Academic Progress*, U.S. Department of Education, Washington, D.C., August 2000, p. xi.

- 58 percent of disadvantaged children in fourth grade were "below basic" on the 1998 National NAEP Reading exam.[29]

- U.S. 12th graders only outperformed two out of 21 nations in mathematics;[30] Not one single country scored below the United States on the assessment of advanced mathematics.




- Not one single country scored below the United States on the assessment of advanced mathematics. In Physics, 12th grader scores were also at the bottom.[31]

- American students fall farther behind students from other countries the longer they are in school.[32]

- A forthcoming study of national achievement data by the Education Trust concludes "that public high schools have declined dramatically over the last 10 years - and now yield less academic growth among their students than in any other phase of the public school system."[33] According to the report, smaller gains in high school are the result of less rigorous curriculum that includes fewer challenging reading assignments than a decade ago.

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[29] *Ibid*, p. 81.

[30] The Third International Mathematics and Science Study (TIMSS) represents the most extensive investigation of mathematics and science education ever conducted. The study is sponsored by the International Association for the Evaluation of Educational Achievement, and is funded by the National Science Foundation and the National Center for Education Statistics.

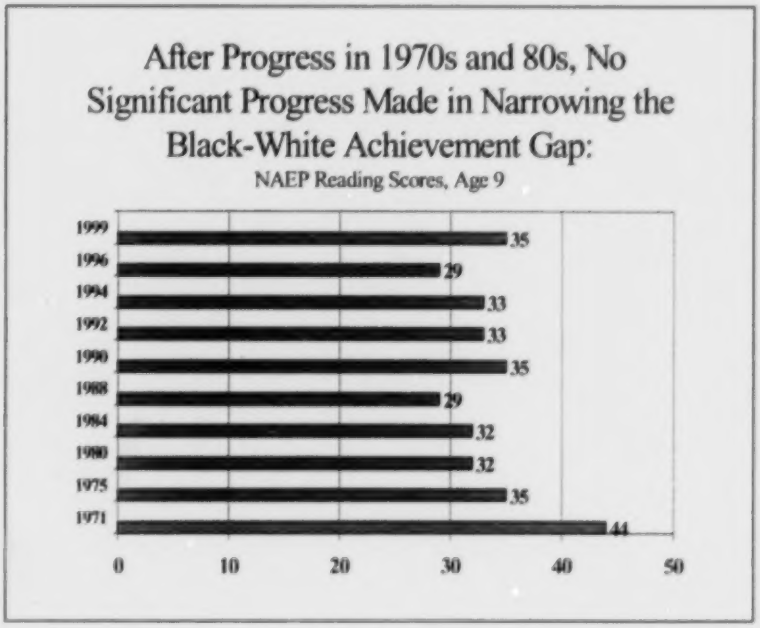
[31] *Ibid.*

[32] *Ibid.*

[33] "Recipe for Weaker Schools," *New York Times* editorial, July 7, 2000.

***Achievement Gaps Remain Wide at the End of the 20th Century***

For the last 12 years, achievement gaps have been widening: many of the gains made during the 70s and 80s are beginning to evaporate. In just about every age group and subjects, the gaps have grown since 1986.

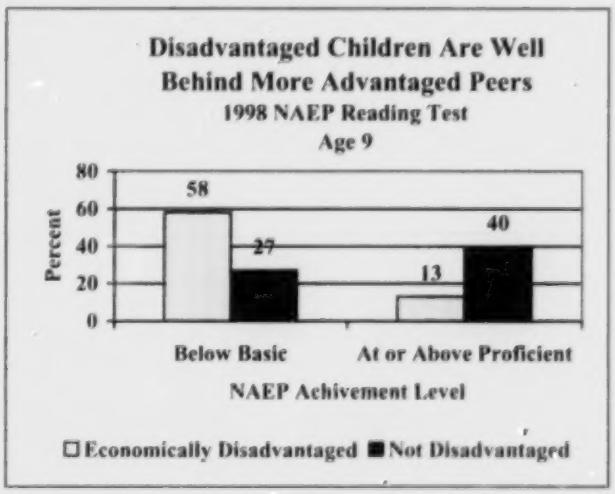



- Achievement gaps between White and African American 9-year-old students have not significantly narrowed since 1975. The thirteen-year-old score gap in reading narrowed to its lowest - 18 points - in 1988, and have since widened to 29 points in 1999. For 17-year-old students the gap in reading was also its lowest in 1988 - 20 points – and has since widened to 31 points in 1999.[34]

- At age 17, the reading achievement of black students is lower in 1999 than it was in 1988.[35]

- There has not been a statistically significant change in Hispanic-white achievement gaps since 1980.[36]

- Over the past decade, the disparity between African American and white SAT scores increased by 3 points on the verbal section and 8 points on the math portion.[37]



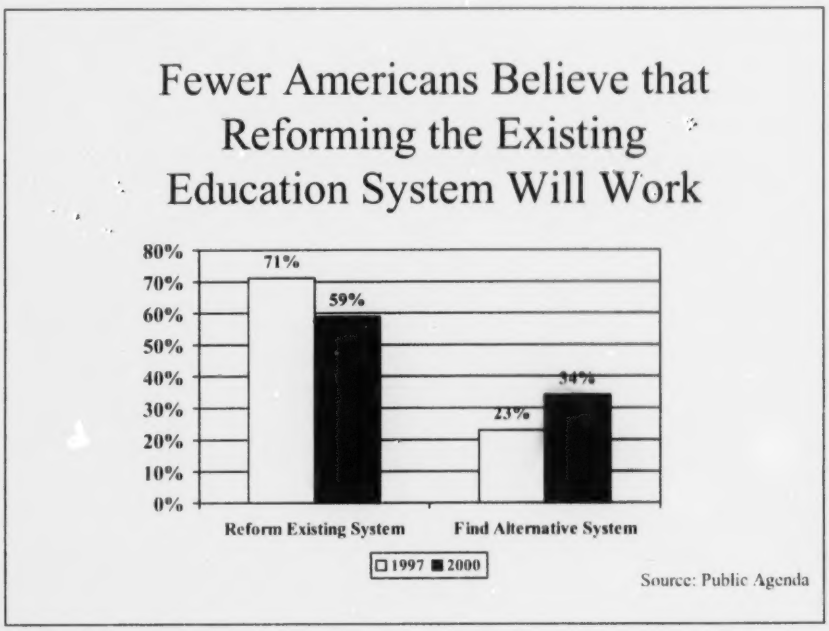

[34] National Center for Education Statistics, *NAEP 1999 Trends in Academic Performance*, U.S. Department of Education, Washington, D.C, August 2000, p. 39.
[35] *Ibid.*
[36] *Ibid.*
[37] David Hoff, "Gap Widens Between Black and White Students on NAEP," *Education Week*, September 6, 2000.

***Public Frustrated with the Status Quo***

The stagnant achievement and education inequities of the nineties are reflected in public opinion about education. According to an analysis of recent polling by the non-partisan, non-profit research organization *Public Agenda*, data indicates that the average American is "hardly endorsing the status quo."[38] While most Americans do not want to dismantle the current system, frustration is running high – especially among minorities. Education is consistently cited in national polls as the most important policy issue during the 2000 election year.

While many Americans are initially supportive of their local school, when questioned further they are more critical. According to *Public Agenda*, "the prevailing view is that public education as a whole is in bad shape and renewed efforts are needed to fix it." For example,

- 52 percent think local private schools do a better job of educating students – only 19 percent think public schools are better.
- A 1999 Joint Center for Political and Economic Studies poll found that while 59 percent consider their local public schools to be excellent or good, only 39.7 percent of African-Americans rated their local schools that highly.[39]
- 58 percent of employers surveyed say that graduates coming from public schools lack the skills needed to succeed in the work world.[40]




[38] *Public Agenda Online: Clarifying Issues 2000*, "Education", www.publicagenda.org.
[39] David A. Bositis, "1999 National Opinion Poll, Education," *Joint Center for Political and Economic Studies*, 1999.
[40] *Ibid.*

- The percent of Americans who think that in order to improve education the focus should be on offering alternatives to the existing education system increased from 1997 to 2000.[41]

In summary, while student performance has been at the center of education rhetoric in America, it has not been in practice. Consequently, achievement is not where it should be, and most Americans are not satisfied by the status quo. We are not seeing the results we should expect to see for the nation's investments in education.

## THE CURRENT FEDERAL ROLE DOES NOT REWARD RESULTS

> ***"...We must fundamentally change the way the federal government treats public schools. If we continue down the current road - where responsibility, authority, and accountability for American education flow not toward but away from parents, especially poor parents - then we will continue to see what we are seeing: too much low performance, too many bad schools, too many wasted lives."***[42] – Former Secretary of Education William Bennett

Common to all of the principles of success highlighted in the previous *Education at a Crossroads* is that the needs of students and student performance should be central to all aspects of education policy. Rather than encouraging putting performance first, however, education policy, especially at the federal level, has too often put first the needs of the education "system" – compliance with its rules and requirements. States and school districts have generally complied with federal requirements, but too often those requirements have very little to do with improving student performance, consequently diverting resources from achieving that purpose. As Time Magazine reported earlier this year, over the last eight years, "the Education Department has done little to reward schools that flourish and nothing to sanction schools that persistently fail."[43]

Since 1965, when Washington embarked on its first major elementary-secondary education initiative, federal policy has strongly influenced America's schools. Although education is generally considered a state and local responsibility, over the years Congress has created hundreds of programs intended to address problems in education. The shape of new education programs is often determined by political polls and focus groups, rather than the actual needs of students and teachers.[44] Today, the federal government pursues its education agenda through a wide range of programs; over sixty of them, funded at nearly $14 billion, are included in the Elementary and Secondary Education Act of 1965 (ESEA), which was reauthorized in 1994 and is presently due to be reauthorized. Creating a "program for every problem," as the *Crossroads* report found, begins to add up, such that there are more than 760 "education" and

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[41] *Ibid.*

[42] Testimony of Dr. William Bennett, Field Hearing on "Chicago Education Reforms and the Importance of Flexibility in Federal Education Programs," Subcommittee on Oversight and Investigations, Chicago, Illionois, April 19, 1999.

[43] Eric Pooley, "Who Gets the 'A' in Education?", *Time*, March 27, 2000.

[44] Mark Pitsch, "Clinton Casts Education in Starring Role," *Education Week*, October 23, 1996.

"education-related" programs spread across 39 agencies at a cost of $120 billion a year.[45] Programs at the Department of Education (ED)[46] comprise 45 percent of federal education funding, a little less than half of which is allocated to elementary and secondary education.

Table 1
Number of Funded Programs at the Department of Education Increases, 1997-2000[47]

| Fiscal Year | Programs | Department Budget (billions) |
|---|---|---|
| 1997 | 137 | $28.82 |
| 1998 | 140 | $32.15 |
| 1999 | 144 | $35.83 |
| 2000 | 150 | $37.94 |

While federal dollars make up only about seven percent of America's total budget for K-12 education, the Subcommittee and other education experts have documented that Washington's role is nonetheless significant when it comes to setting state and local priorities and determining the tenor and content of the national conversation about education.[48] And yet despite that significant role, there is little evidence that it has produced an increase in overall student achievement or a reduction in achievement gaps among the highest and lowest performing students. According to William Moloney, Superintendent of Colorado Schools, "ESEA [has] remained as always a neutral phenomena based on inputs rather than results, more on accounting than accountability, an entity always more interested in what you were rather than what you were doing."[49] Indeed, without asking whether or not programs produce results, Washington each year funds an increasing number of education programs. Despite attempts to repeal and consolidate unnecessary and duplicative education programs, according to the Congressional Research Service, the number of Congressionally-funded programs at the Department of Education has steadily increased for the last four fiscal years (Table 1).

***Dumping Education Dollars into Unproven Programs***

Because federal policy makers have long been content with measuring success in terms of inputs and compliance, in lieu of results, the nation lacks sufficient information to determine what really works and what does not when it comes to helping students succeed. The current federal role in education research funds a confusing array of research centers, labs, technical assistance centers and other entities located around the country. For a variety of reasons, "educational research and development usually have not been held in high esteem in the twentieth century."[50] According to GAO, "information about the federal education effort is

[45] For the most recent data on total federal funding of education, see Table 1 in the National Center for Education Statistics' *Federal Support for Education, 1980-2000*, September 2000, p. 5, http://nces.ed.gov/pubs2000/2000068.pdf.
[46] Throughout this report, the U.S. Department of Education is referred to as either "ED" or "the Department."
[47] This table only accounts for funded programs: There are authorized programs that do not receive funding, and unauthorized programs that do.
[48] Chester Finn, Jr., Marci Kanstoroom, Michael Petrilli, "Overview: Thirty-Four Years of Dashed Hopes," *New Directions: Federal Education Policy in the Twenty-First Century*, The Thomas B. Fordham Foundation, March 1999.
[49] Testimony of William Moloney, Superintendent of Colorado Schools, Hearing on "Academic Achievement for All: Increasing Flexiblity and Improving Student Perforance and Accountability," Committee on Education and the Workforce, May 20, 1999.
[50] Testimony of Maris Vinovskis, University of Michigan, "Revitalizing Federal Education Research, Development and Evaluation," Hearing on "Options for the Future of the Office of Education Research and Improvement," Subcommittee on Early Childhood Youth and Families, Committee on Education and the Workforce, May 4, 2000.

needed by many different decision makers....much of that information, however, is not currently available.."[51] This is because "few evaluations of successful strategies exist, and many of the existing evaluations lack the methodological rigor needed to determine effectiveness."[52]

The Committee has held several hearings, and several independent studies have been issued, addressing the lack of quality and rigor in education research and the lack of research behind many practices used in today's classroom. According to the National Research Council, "social science research currently provides few definitive answers about how to improve educational outcomes for [disadvantaged] children."[53] A RAND Corporation study found that "the research and development community in education has been unable to provide consensus results or pilot tested policies and practices that could guide policy makers and educators to more effective practices."[54] One reporter described the situation in this manner: "[w]hen medical researchers want to know whether a drug works, they compare outcomes of a group taking the drug to those not taking it. But that type of experiment is rarely done in education."[55] Instead, educators rely on "a hunch...[o]r at best, a hunch based on trial and error."[56]

The largest federal elementary and secondary education program, Title I, which is designed to close the achievement gap between disadvantaged students and non-disadvantaged students, has yet to demonstrate that it has been effective in doing so. Today, even though the law requires States to "turn-around" low-performing schools, there are nearly 7,000 Title I schools (19% of Title I schools) and about 1,000 school districts (15% of Title I districts) that are officially designated as in need of "improvement"—that are failing to make adequate annual achievement gains. The final report of the *Prospects* evaluation of Chapter 1 (later renamed as Title I) found that the program was not sufficient for at-risk students in high-poverty schools to close their academic achievement gaps with students in low-poverty schools.[57] And most recently, early data available from the evaluation of Title I since the 1994 reauthorization indicate that the program is not narrowing achievement gaps any more effectively. The interim report found that Title I students in the study performed "somewhat below national and urban norms," and were "showing somewhat less progress than would be expected over a full year." The proportion of students meeting the highest proficiency levels merely held steady during the two years for which data have been made available.[58]

In the last two years several studies further confirm this description of education research and practice:

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[51] U.S. General Accounting Office, *Federal Education Funding: Multiple Programs and Lack of Data Raise Efficiency and Effectiveness Concerns*, Statement of Carlotta Joyner before the Senate Education Task Force, GAO/T-HEHS-98-46, November 6, 1997, p. 12.

[52] *Ibid*, p. 13.

[53] National Research Council, *Making Money Matter: Financing America's Schools*, National Academy Press, Washington, D.C., September 1999, p. 268.

[54] David Grissmer, Ann Flanagan, Jennifer Kawata, Stephanie Williamson, *Improving Student Achievement: What State NAEP Scores Tell Us*, RAND, July 2000, p. xxxvi.

[55] "Bilingual Education Fails Test, Exposing Deeper Problem," *USA Today* editorial, August 28, 2000.

[56] Richard Whitmire, "Research – Education's Achilles Heel," Gannett New Service, May 5, 2000.

[57] Michael J. Puma, Nancy Karweit, Cristofer Price, Anne Ricciuti, William Thompson, and Michael Vanden-Kieran, *Prospects: Final Report on Student Outcomes*, Cambridge, MA: Abt Associations, 1997.

[58] U.S. Department of Education, *The Longitudinal Evaluation of School Change and Performance in Title I Schools (LESCP): Interim Report to Congress*, Washington, D.C., June 1999, pgs. xvi-xvii.

- **Less than one third of reading research studies are rigorous:** Congress established the National Reading Panel to evaluate existing research on the most effective approaches for teaching children to read. The panel examined thousands of studies of reading - some written as far back as 1966. After an exhaustive review, the panel concluded that less than one third of the studies met their standards for academic and scientific rigor.[59]

- **Title I research unable to answer important questions about effectiveness:** At the request of groups such as the National Education Association and American Federation of Teachers, the American Institutes of Research studied 24 Title I "schoolwide" comprehensive reform models currently marketed to local school districts. Of those 24 reform strategies, only three could provide strong evidence that the programs were likely to have positive effects on student achievement. Seven of the programs could not provide any research-based findings at all."[60] The Department has little information that enables anyone to conclude whether Title I schoolwides are effective. A national evaluation was conducted, but because there were so few schools, researchers could not draw conclusions on the basis its findings.[61]

  Not only do we not have research about Title I schoolwides, the most recent evaluation of the effectiveness of Title I will not likely answer questions policy makers have about the program's impact. GAO found that the Department's Longitudinal Evaluation of School Change (LESCP) is "unlikely to fully satisfy any of its three potential purposes."[62]

- **Spending more money isn't the only answer:** The National Research Council's 1999 report *Making Money Matter*, sponsored by the U.S. Department of Education, reported that "We have reviewed the literature on whether and how money matters. That review makes it clear that additional funding for education will not automatically and necessarily generate student achievement and in the past has not, in fact, generally led to higher achievement." While there is currently a debate in the research community on the role of resources in improving education, it is clear that increasing funding alone will not guarantee results.

Dr. Reid Lyon of the National Institute of Child Health and Human Development summed up at a Committee hearing how we have reached the end of the 20th century knowing so little about what works in the classroom:

> ... the investments we have made in research for the last 30 years have been investments that have been realized by mediocrity, by limited rigor, and by a misunderstanding on a large part of the research community how in fact to even do the research we drastically

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[59] Testimony of Dr. Reid Lyon, Chief, Child Development and Behavior Branch, National Institutes of Health, Hearing on "Options for the Future of the Office of Education Research and Improvement," Subcommittee on Early Childhood Youth and Families, Committee on Education and the Workforce, May 4, 2000.

[60] Rebecca Herman, *An Educators' Guide to Schoolwide Reform*, American Institutes for Research, 1999.

[61] GAO, *Title I Program: Stronger Accountability Needed for Performance of Disadvantaged Students*, GAO/HEHS-00-89, June 2000.

[62] GAO, *Education for Disadvantaged Children: Research Purpose and Design Conclusions Drawn from Key Studies*, GAO/HEHS-00-168, August 2000, p. 31.

need. It is no wonder that teachers have no trust in having research guide their practice, because research that is not done well, that is not of good quality, does not inform and should not be trusted.[63]

It is impossible to make wise decisions about funding federal education programs when so little is known about what works in the classroom, and so little of valid research reaches the classroom. And yet despite this lack of research, each year new programs are created at the federal level, without anyone knowing whether they will truly help children learn.

***Federally Endorsed Math Curriculum***

The Department experienced disastrous results when it attempted to clarify what works in the classroom, but without basing their conclusions on scientific research. In October of 1999, the U.S. Department of Education endorsed five programs for K-12 mathematics classes as "exemplary" and another five as "promising". An "Expert Panel" selected by the Office of Education Research and Improvement (OERI) made the recommendations to Secretary Riley. ED approved the programs and sent out information about the endorsement to all school districts in the country. In response to the backing of the Department of Education for such programs, two hundred mathematicians and scientists from universities nationwide published an open letter of protest to Secretary Riley in the Washington Post. The letter cited "serious mathematical shortcomings" within the endorsed programs and asked that Riley withdraw the entire list of curricula followed by an announcement of the withdrawal to the public. The letter also noted that the Expert Panel that selected the ten programs was not comprised of active research mathematicians. Several concerns raised by the teaching of "fuzzy math" include: a lack of understanding of mathematical basics, the continuation of decreased standardized test scores, and the possible triggering of increased remedial education for students in higher education.

In response to the Department's recognition of the ten "exemplary" and "promising" math programs, the Committee held a hearing on the "Federal Role in K-12 Mathematics Reform" on February 2, 2000. The human consequences of using unproven math curricula was illustrated at the hearing by a student who had learned math under one of the endorsed curriculum and related her own experience. University of Michigan student Rachel Tronstein testified that for all of high school, she was in an accelerated program within the Core Plus curriculum. After four years of Core Plus and the transition to math at the university level, she had this to say about the curriculum:

> I was enrolled in Algebra II in 8th grade, which traditionally is the curriculum for a junior in high school.... I then entered...High School, where I was in the Core Plus curriculum, and I went through four years. I took Calculus my senior year because I was in the accelerated track, and also I received private tutoring for my entire four years of high school because my parents were concerned that I wasn't getting a very good understanding of the fundamentals and basics of math. And I

[63] Testimony of Reid Lyon, "Hearing on Options for the Future of the Office of Educational Research and Improvement," Subcommittee on Early Childhood, Youth and Families, May 4, 2000.

> also attended Stanford University's summer session for high school students in the summer of 1998, and I took a remedial pre-calculus course... And a lot of those concepts were concepts to which I had never been exposed, which was obviously very frustrating because every other student in the class had. Right now, I am a student at the University of Michigan... I took Calculus I fall term. I received a B minus, while in my other three classes I received A's, and I worked harder in the Calculus course. [Core Plus] fails to teach students basic mathematical skills required for postsecondary educational success. It creates a calculator dependency. And sure, you can compute an answer, but you have no understanding of how or why that answer is correct, which does not enable you to understand further calculations or applications.

ED's pseudo-endorsement of math curricula is troubling, not only because the Department is prohibited by statute from officially endorsing any curriculum, but also because the process by which it selected "exemplary" math programs was based on peer reviewers and a panel of "experts," not rigorous research demonstrating that the programs were effective. Any federal recognition, whether or not it is an "official" endorsement, can unduly influence school districts to select a math curriculum that is not necessarily a proven program.

***Federal Programs Take Their Toll***

> ***"One thing that Mayor Daley, Board President Gery Chico and I firmly believe and have urged Congress and the President repeatedly to do is to leave it up to the local school districts to decide how best to meet the student needs. Focus on results and leave it up to school districts to decide how to achieve them."***[64] -
> Paul Vallas, Superintendent of Chicago Public Schools

The cumulative effect of federally designed programs and requirements that are not grounded in good research continues to take its toll at the state and local level. The Subcommittee continued to hear from witnesses at hearings around the country that many well-intentioned federal programs provide funding with burdensome requirements that have nothing to do with producing results. At a hearing in Battle Creek, Michigan on September 8, 1999, Mr. John DeLine, Superintendent of Tekonsha Community Schools, described his experience with federal programs:

> My staff and myself spent over 600 hours trying to decipher [federal special education requirements], so it may be something that you want to consider in the future once you pass something. Six hundred hours is a lot of hours. ...Every law that's passed has a tremendous impact on us as far as staff.[65]

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[64] Statement of Paul Vallas, Field Hearing, Subcommittee on Oversight and Investigations, Chicago, Illinois, April 19, 1999.
[65] Testimony of John DeLine, Superintendent of Tekonsha Community Schools, Hearing on "Improving Student Achievement and Reforming the Federal Role in Education," Subcommittee on Oversight and Investigations, Battle Creek, Michigan, September 8, 1999.

Mr. DeLine also described his frustration with federal discretionary grants. They "put about 200 hours into [federal grant applications] and got one grant out of about ten." He asked the Committee to grant small school districts like his with fewer than 600 students more flexibility to deal with federal requirements. "Hold us accountable and we will show you success." Colorado Education Commissioner Bill Moloney observed in testimony before the Subcommittee on January 25, 2000, "[i]n medieval times, people were sometimes pressed to death by having heavy stones piled upon their bodies until all breath and life was squeezed from them. The current U.S. Congress made a valiant attempt to lift some of those stones from the body of state and local folks. Certain very worthwhile successes were achieved but all too many stones remain. We still await the day when ESEA can truly be redesigned to fulfill the dreams we had for it in 1965..."

According to one witness, a fundamental lack of trust of states and school districts is what is primarily behind these burdensome federal requirements. In testimony before the House Budget Committee's Education Task Force (chaired by Rep. Hoekstra, (R-MI)), Susan Sclafani, the Chief of Staff of Educational Services of the Houston Independent School District, described how political compromise has resulted in mandates and requirements that divert attention and resources from the real needs of students.

> ...the district currently spends a minimum of three man-days per month creating the documentation of use of federal funds as a supplement to district funds, rather than supplanting [a federal fiscal requirement]. To demonstrate comparability—that the district is not spending less in local funds in Title 1 schools than it spends in non-Title 1 schools—the accounting department staff must compute every expenditure for staff, materials, equipment, and contracted services. With staffing, this is particularly difficult to do on a monthly basis, since one must forecast stipends that are paid annually or semi-annually as part of the equation. However, it must be done monthly so that if a discrepancy is discovered it can be remedied over the rest of the year. If that does not happen...the district will be out of compliance....[T]he whole equation is thrown off whenever a teacher leaves one school and is replaced by a teacher with more or less experience. In a large urban district, this happens frequently, forcing the accounting department to recalculate their ...figures .... Clearly, this procedure has nothing to do with the district's commitment to equity nor does it ensure increased levels of student achievement.[66]

Ms. Sclafani's testimony provides a stark picture of the consequences of over-dependence on process requirements and compliance at the local level: a diversion of resources from improving student achievement.

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[66] Testimony of Susan Sclafani, Houston Independent School District, House Budget Committee's Education Task Force, June 14, 2000.



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*Unfunded Mandates*

> ***I would suggest that one of the most positive things Congress could do is to fund the federal special education mandates, before you consider any new programs. You would all be heroes in your home states for doing so!-*** Minnesota State Rep. Alice Seagren

> ***Aside from being a classic study of unintended consequences, this law [IDEA] made promises to local people that have not been remotely kept. It is not just the financial default. The most tragic result is that the suffocating blanket of regulation actively worked against the learning prospects of our handicapped children.*** – Colorado Commissioner of Education Bill Moloney

One of the most significant undfunded mandates on school districts is the special education mandate. Even the most efficient and effective schools and districts in the country are still confronted with the daunting task of complying with the federal special education mandate. The Subcommittee has heard from many school districts about the burden that the special education mandate places on them financially, and how it restricts their freedom in using their education dollars. In 1975, the United States Congress passed the *Individuals with Disabilities Education Act* (IDEA), which requires school districts to provide a free and appropriate public education to students with disabilities and to develop individual education plans (IEP) for those students.

Congress has not yet met the funding commitment it made 24 years ago to children with special education needs. That commitment was to provide children with disabilities access to a quality public education and to contribute 40 percent of the average per pupil expenditure to assist states and local school districts with the excess costs of educating such children. To date it only funds about 13 percent of those costs. Inadequately funding IDEA not only hinders the ability of schools to provide children with disabilities with an appropriate education, but also prevents all students from receiving a quality education.

In order to assist states and somewhat relieve the burden of this mandate, the House or Representatives passed H.R. 4055, the IDEA Full Funding Act of 2000, which authorizes increasing appropriations for IDEA Part B (State Grants) for FY2001 through FY2010. H.R. 4055 authorizes an increase of $2 billion for each fiscal year so that by FY2010 the appropriation is authorized at $25 billion. According to the Department of Education's estimates, $25 billion would ensure that the federal government's commitment in to fund 40 percent of the national average per pupil expenditure would be met.

Congress should continue its efforts to meet its IDEA funding obligations before investing in new programs of unknown effectiveness. As the Table 2 below indicates, this would provide significant sums of money for school districts and free up resources at the local level.

Table 2

**What Fully Funding IDEA Would Mean for Selected Cities (FY 1995 Dollars)**

| City | Actual FY 95 IDEA Funds Received | Funds Received if 40% Commitment Fulfilled | Additional Funds Needed To Meet Commitment |
|---|---|---|---|
| Los Angeles | $23,145,989 | $118,600,048 | $95,454,000 |
| Chicago | $18,438,243 | $94,477,557 | $76,039,400 |
| New York City | $41,435,700 | $212,316,300 | $170,880,600 |
| Dallas | $3,881,900 | $19,890,700 | $16,008,800 |
| Miami | $10,873,800 | $55,717,300 | $44,843,500 |
| Washington, D.C. | $3,047,500 | $15,615,500 | $12,568,000 |
| St. Louis | $2,032,800 | $10,416,100 | $8,383,300 |

## *BROKEN PROMISES: REINVENTION AT A CROSSROADS*

> ***"The [education] department has suffered from mistrust and management neglect, almost from the beginning. To overcome this legacy and to lead the way in national education reform, ED must refashion and revitalize its programs, management and systems."*** --The Report of the National Performance Review, Office of the Vice President, September 1993

> ***"Here is a Department that is promoting standards and excellence [for schools] but appears to have less of a commitment to high standards for itself."*** [67]— Paul C. Light, Brookings Institution

The federal role in education is carried out primarily by the Department of Education. While the present role of ED is to inject cutting edge reforms into America's classrooms, the agency is itself a showroom for obsolescent government management practices. As an inefficient bureaucracy, the Department was specifically targeted by Vice President Al Gore's National Performance Review (NPR), whose purpose is "to create a government that 'works better, costs less, and gets results Americans care about." Back in 1993, Gore and the NPR identified ED as a troubled agency in need of significant reform. It was to be "reinvented" as a high-performing outfit.

This has not come to pass. During the past eight years, the Administration has not accomplished its overall goals and promises for reinvention at the Department of Education. In 2000, ED spent nearly 50% more than it did in 1994, and administered more programs. Many NPR recommendations have not been fully implemented, others not at all. Despite the Vice-President's promises to make government work better, the bottom line is that the NPR has not produced significant results at ED. The agency continues to be rife with waste, fraud and abuse.

### *Flunking Math*

> ***"Vastly improved financial management is a critical part of the overall effort to reinvent government...if a publicly traded corporation kept its books the way the federal government does, the Securities and Exchange Commission would close it down immediately."***- The Report of the National Performance Review, Office of the Vice President, September 1993

> ***"The bottom line of Education's financial audit results is that Education still faces severe internal control and financial management system weaknesses. These weaknesses have been very similar from year to year, starting with Education's first agency-wide audit for Fiscal Year 1995."***-Testimony of Gloria Jarmon of the General Accounting Office at March 1, 2000 Oversight and Investigations Subcommittee hearing

[67] Judy Pasternak, "Department a Haven for Clinton Loyalists," *Los Angeles Times*, October 3, 1999.

The Department of Education failed its agency-wide audit each of the past two years. These audits were the focus of recent Subcommittee hearings held on December 6, 1999 and March 1, 2000. ED was the last federal agency to receive an audit report for FY 1998; the report was issued in November 1999, eight months after the statutory deadline. Even so, auditors could not express an opinion on any of the agency's financial statements. Anomalies included an $800 million balance for a single student loan, a $6 billion discrepancy in the financial statements and $700 million placed in an inappropriate account.

**EVEN THE INSPECTOR GENERAL UNABLE TO QUANTIFY THE EXTENT WASTE AND ABUSE AT THE DEPARTMENT**

Rep. Norwood (R-GA): *"Is there anybody here that can answer the question how many dollars have been lost of the taxpayers' money to date either through criminal activity or abuse..."*

Lorraine Lewis (ED Inspector General): *"No"*

Rep. Norwood: *"Nobody knows? Well, you want to know why the American taxpayer gets upset with stuff like this? They want to know. This is not about public education. It is about a federal agency that has gone awry.*

(Exchange occurring during the Oversight Subcommittee's September 19, 2000 hearing on financial management problems at the Department of Education)

The FY 1999 audit report, released on March 1, 2000, was another failure. The number of material weaknesses in the agency's financial controls increased. The outlook for the FY 2000 audit report, due out in March 2001, also appears grim. ED officials have attributed financial management difficulties to a lack of funding for qualified personnel. An October 3, 1999 story appearing in the *Los Angeles Times*, however, offers another explanation, noting that ED has the highest ratio of political appointees to government workers of any Cabinet agency:

"Midway through Clinton's first term, Education's inspector general began warning that the department lacked employees with critical computer and financial skills and that it needed people with expertise to oversee outside contractors. This shortage has continued while increasing numbers of political appointees have been added, said Dianne van Riper, who retired in January as the department's assistant inspector general for investigations. 'When you decide to spend a dollar on hiring one kind of employee and not another, you're making a decision,' Van Riper said."

*A Lack of Accountability*

> ***"We all know the potential cost of lagging (financial management) systems: They contributed to the $300 billion savings and loan bailout, $47 in nontax delinquent debt, $3.6 billion in student loan defaults, and so on. Fortunately, the process of updating our management information systems has begun."***-The Report of the National Performance Review, Office of the Vice President, September 1993

> ***"The Department's new accounting system could not perform an automated year-end closing process and directly produce consolidated financial statements as would normally be expected from such systems. This meant that the Department had to use a costly, labor-intensive and time-consuming manual process to prepare its financial statements."***- Gloria Jarmon of the General Accounting Office, testifying at a Dec. 6, 1999 O & I hearing

During the recently completed fiscal year, FY 2000, the Department operated without an integrated financial management system that met generally accepted accounting standards. In the past, the lack of such an effective system has contributed to failed audits. This means it is unlikely that the Department will receive a clean audit opinion on its FY 2000 audit report, due out in March 2001.

Despite Chairman Hoekstra's expressed interest in its progress, the deadline for implementation of such a system has been postponed several times by ED – the current deadline is the summer of 2001. In the meantime, without a good accounting system in place, Department staff compiles financial statements for auditors manually, and practically from scratch. This process is both time-consuming and expensive, typically involving the hiring of outside contractors, according to expert testimony delivered at hearings held by the Oversight Subcommittee.

***Congratulations, You're Not A Winner***

> ***"Public cynicism about government is a cancer on democracy. Reinvention isn't just about fixing processes, it's about redefining priorities and focusing on things that matter"***[68]- Vice-President Gore

> ***"News of the possible withdrawal was devastating to me...I continue to be visibly distracted from my work, family and friends and will be in great emotional turmoil until I can trust that my fellowship will not be withdrawn...Surely you will agree that it is wrong for the United States government to condone such treatment of its citizens."***--Linh Hua, graduate student, University of California, Irvine, writing to House Education and the Workforce Committee Chairman William F. Goodling after the Department of Education extended her a fellowship offer, and then told her that the offer was made in error

When you receive in the mail a bold-lettered lottery notice identifying you as the winner of a huge cash prize, your instinct is to check the fine print at the bottom of the page. But when Linh Hua, a graduate student at the University of California, Irvine, received a letter in February informing her that she had been selected to receive an ED graduate fellowship worth as much as $100,000, she had no reason to question the integrity of the offer. She immediately informed the director of graduate studies at her institution; he in turn trumpeted the good news to the entire English department in a news announcement.

A few days later, Hua received a message on her answering machine that she had received the letter in error, due to a mistake by an ED contractor. The contractor had erroneously sent award notification letters to 39 students informing them that they had won the awards, which cover up to four years of graduate school tuition and living expenses.

Hua was crushed by the news. She described her feelings eloquently in a letter to the Chairman of the House Education and the Workforce Committee, in which she asked for help from the Committee. At the urging of several committee members, and due to a provision lawmakers had inserted into the Higher Education Act anticipating such a mistake, ED eventually agreed to award the fellowships to the 39 students.

***Readin', Ritin' And Robbery***

> ***"The recently discovered loss of U.S. Department of Education (ED) property has brought renewed visibility to lax management controls over information technology assets...The 1999 physical inventory of IT assets was the first since 1994. There was no attempt to reconcile the earlier inventory or to review computer surplusing actions."***- February 10, 2000 Memorandum from the Department's Office of the Inspector General to the Deputy Secretary of Education

[68] http://easi.ed.gov/inside_projecteasi/HTML/enews/highimpact.html



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A theft ring involving collaboration between outside contractors and ED employees operated for at least three years, stealing more than $300,000 worth of electronic equipment, including five $8,000 Gateway computers, cell phones, VCRs and a 61" television set. It also netted from the agency more than $600,000 in false overtime pay.

An ED employee charged with overseeing a telecommunications contract took advantage of her position by collaborating with contract employees working under her supervision to steer equipment bought with Department of Education dollars to her house and friends and relatives homes. Other ED employees were also in on the scheme. One of the contract workers confessed to doing personal errands for the ED contract officer, such as driving to Baltimore to bring her crab cakes to eat for lunch at her desk in Washington, DC. In return, she signed off on false weekend and holiday hours that the contractor never worked. This network operated undetected for at least three years.

The theft ring is still under investigation, but several defendants have pled guilty in federal court, and more pleas are expected soon. Federal law enforcement officials are currently investigating several other instances of large-scale theft at ED.

***Low-Impact Aid***

> ***"We didn't have to empty the pop machines to make payroll, but it came close."-***
> Chris Anderson, superintendent of the Bennett County, South Dakota School District, quoted in an Associated Press news story. Anderson was referring to the dilemma created for the district when federal Impact Aid grant funds failed to arrive on schedule.

The Impact Aid grant program sends money to school districts serving federally connected children, such as those living on military installations or Indian reservations. In April 2000, two South Dakota school districts failed to receive expected Impact Aid grant payments totaling $1.9 million. District administrators did not immediately notify the Department of Education, since delayed disbursement of Impact Aid grants by ED has become routine. It is not uncommon for school districts to be forced to borrow money from a local bank – and pay interest on the loan – while waiting for ED to get grant payments out the door.

In this case, the $1.9 million was wired to the wrong bank accounts. According to a Justice Department complaint filed in July, the money was electronically wired by an ED employee into two bank accounts set up by con men. The thieves submitted fraudulent direct deposit forms to ED, substituting their own bank account numbers for those of the South Dakota school districts. Stolen funds from one bank account were used to purchase a 2000 Cadillac Escalade and a 2000 Lincoln Navigator. Stolen funds from the other bank account were used to purchase real property in the State of Maryland worth $135,000.

Disturbingly, the potential for theft in the Impact Aid program had previously been raised in the Department's FY 1999 audit report. Concerning Impact Aid, the report describes, "an inadequate segregation of duties in sensitive areas, such as payment processing," whereby the same individuals are able to process and approve a payment drawdown request.

The theft of Impact Aid funds and the potential for similar fraud were examined at a September 19, 2000 hearing held by the Oversight and Investigations Subcommittee.

***It Takes A Village...On Mars***

The Subcommittee discovered that the Department of Education spent $2.7 million between FY 1998 and FY 2000 in support of the White House Millennium Council (run out of the Office of the First Lady) and its Mars Millennium Project. The Mars Project invites schools to imagine and design a village on Mars that might exist in 2030.

Six ED employees were assigned to work full time on Millennium activities -- all but one of them worked out of the White House executive offices. The Department paid for a variety of printed materials, as well as the development of the White House Millennium Council logo and a Millennium Council web site.

***Dead...And Loving It***

> ***"Education continues to experience challenges in its management of student financial aid programs, which we have designated as at high risk for fraud, waste, abuse or mismanagement...The Department lacks the integrated financial systems to provide basic information...the current system cannot always identify where a student is enrolled, even after a student grant or loan is awarded, and thousands of dollars in student aid have been disbursed. As a result, ineligible students could be receiving funds."***--High-Risk Series: An Update, General Accounting Office, January 1999

ED improperly discharged almost $77 million in student loans for borrowers who falsely claimed to be either permanently disabled or deceased, according to an Inspector General (IG) report released in June 1999.

- From July 1, 1994 through December 31, 1996, fully 23 percent of all individuals whose loans were discharged due to disability claims were actually holding jobs -- some earning more than $50,000. A total of $73 million in loans was improperly forgiven.

- During the same time period, 708 borrowers receiving death discharges totaling over $3.8 million were earning wages after the discharge.

(The Higher Education Act provides for loan discharges when the borrower either becomes totally and permanently disabled or dies. In enforcing this provision, however, ED did not require the disability form to include, e.g., the doctor's professional license number or office telephone number, and it did not require certified copies of death certificates.)

The same IG study found that more than 6,800 new loans totaling almost $20 million were awarded to borrowers who returned to school after previously having loans discharged due to total and permanent disability. In other words, the $20 million in loans was awarded to ineligible individuals.

***Failing Proofreading 101***

About 10 million American students fill out a federal financial aid form each year to apply for college aid. The job of designing, printing, distributing and processing these forms is entrusted to the Department of Education's Office of Student Financial Assistance (SFA), which the National Performance Review identified as one of the thirty-two "High Impact" federal agencies which have ninety-percent of the federal government's contact with the public. Unfortunately, SFA continues to experience problems annually with the student aid forms.

In September 1999, SFA printed 3.5 million financial aid forms containing errors -- incorrect line references to the IRS tax form. The forms were destroyed and the 100,000 of them that were distributed to schools had to be recalled. The cost of the mistake, according to the head of SFA: $720,000. Perhaps most disturbing is the fact that SFA officials never noticed the flaws in the aid form they created and printed. It was an eagle-eyed university financial aid administrator who spotted the errors and brought them to attention.

***A $5 Million Technology Lesson***

ED invested several million dollars on a pet project of the Vice President's that was abandoned after just one year. At the urging of the Vice President's National Performance Review (NPR) team, ED initiated a project called "Access America" that was to eventually involve distributing to college students ATM-style "smart cards" to be used to access federal student aid and, eventually, other types of federal benefits. House Education Committee members, as well as most banks and colleges, objected that the project was unnecessary and required too much federal involvement. But ED initiated a pilot project soon after an NPR official transitioned into a high-level post in SFA. The pilot involved eight colleges, and the plan was to do a nationwide rollout within two years. In June 2000, however, the project was quietly terminated after its first year due to a lack of interest from colleges. ED had already spent $5.4 million on the initiative.

***Federal Frequent Fliers***

During fiscal year 1999, ED spent $13.5 million on travel expenses for agency employees. That translates into $2,882 per FTE (full-time equivalent employee). The office with the highest travel budget is SFA -- more than 100 SFA employees traveled to Disney World Headquarters in Orlando, Florida during 2000 to attend management-training seminars at the Disney Institute.

***The 192-Step Discretionary Grants Approval Process***

The *Crossroads* report described how the Vice-President's National Performance Review found in 1993 that the discretionary grant approval process lasted 26 weeks and took 487 steps from start to finish. In 1996 ED implemented a plan to begin "streamlining" the grant review process to 20 weeks and 216 steps.

The Subcommittee submitted a letter to the Department in July 1998 to find out if the redesigned discretionary grant approval process had been successfully implemented, and whether it could verify that applications were being processed more quickly and efficiently. While it reported meeting many of its goals, ED did not provide any substantive documentation to prove that the implementation was successful in making the process more efficient.

Of course, enhanced efficiency was the only legitimate goal of the streamlining effort. Therefore, Chairman Hoekstra requested GAO to look into the Department's management of discretionary grants to determine whether the approval process had in fact become more efficient. GAO also looked at how grants were awarded, the peer review process, characteristics of grant recipients, and the costs of applying for a grant.

In response to the GAO audit, Acting Deputy Secretary Mike Smith established a task force to address GAO recommendations.[69] GAO recommended that the Department ensure that peer reviewers not have personal, professional or financial conflicts of interests, and the Department has since taken steps to ensure that peer reviewers provide sufficient documentation to prove that they have no such conflicts of interest. Another GAO recommendation addressed scoring variations among peer reviewers. Not every peer reviewer scores similar applications in the same manner, which can result in qualified applicants not receiving funds. The Department is beginning to implement some of GAO's recommendations to ensure that scoring is less likely to be perceived as unfair or subject to politics.[70]

GAO found that the Department had streamlined many aspects of its grant application process. However, only immediately before the GAO report went to print was the Department able to verify the number of steps it currently takes to approve an application. The Department had previously indicated that it would not be able to come up with such a figure. Nevertheless, it

[69] Memorandum to Senior Officers from Frank Holleman, Deputy Secretary, U.S. Department of Education, March 9, 2000.
[70] See GAO/HEHS-00-55, *Education Discretionary Grants: Awards Process Could Benefit from Additional Improvements*, United States General Accounting Office, March 2000.

finally calculated that the process was reduced to a total of 192 steps. Due to the last minute nature of this finding, GAO was not able to verify the number.

Without the oversight efforts of the Subcommittee, it is likely that important steps to improve the fairness and efficiency of the grants approval process would not have been put in place. It was only when GAO began to look into this process that the Department began to look at whether the redesigned grants process had been effective, and whether any additional steps should be taken to ensure that grants are fairly awarded to the highest quality applicants.

### *It Keeps Growing…. and Growing…and Growing*

> ***"NPR recommends reducing the number of programs the department administers. ED runs 230 education programs, many of which overlap or have achieved the purpose for which they were created, or are better addressed by non-federal resources."*** – The Report of the National Performance Review, Office of the Vice President, September 1993

While there have been some program eliminations in the past decade, each year since 1997 the number of funded programs at the Department of Education has actually grown. There are still at least 230 authorized programs at the Department. For FY 2001 alone the President proposed 20 new education programs. In addition, the number of employees at ED has grown each year since 1997, when it stood at 4,470. The FY 2001 budget request called for 4,749 employees. Furthermore, the Department's annual budget has increased from $23 billion in 1996 to $38 billion in FY 2000. A significant portion of the funding and staffing increases have been for the ED's Direct Lending program.

### *Reinventing Education Statistics*

> ***"Honest, efficient governance is absolutely essential if governments are to build on the public trust that makes democracy possible… Ensuring the integrity and efficiency of government will strengthen our democracies and help us accelerate, instead of suffocate, the entrepreneurial initiative that is the surest path to progress and prosperity in the 21st century."****-Vice-President Gore, Release, December 21, 1998.*[71]

On February 10, 1999 it was Vice President Al Gore, not the Commissioner for Education Statistics, Dr. Pascal Forgione, who released the 1998 NAEP reading results to the public at a press conference. This was the first time that any official higher than the Secretary of Education has taken part in a NAEP release and constituted a violation of the longstanding NAGB policy designed to insulate the release of education results from political "spin." The Vice President did not merely report the results, according to the *Los Angeles Times:* "In his eagerness to put a positive spin on the statistics, Gore glossed over the fact that long-term

[71] National Performance Review, "Vice President Gore To Chair Global Forum On Reinventing Government," Release, Monday, December 21, 1998. http://www.npr.gov/cgi-bin/print_hit_bold.pl/library/news/122198.html



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progress has been modest at best."[72] Test scores from 1992 were left out the Vice President's presentation, giving the appearance that scores had increased since 1994, although those scores were only returning to 1992 levels. Moreover, according to Mark Musick, the Chairman of NAGB, "the format, tone, and substance of that event was not consistent with the principle of an independent, nonpartisan release of ... data." E-mail messages exchanged between Education Department officials and an education adviser to the Vice President indicated, according to *Education Week,* that "the Feb. 10 event was designed to give positive press coverage to Mr. Gore, who is running for president."[73]

Because of concerns about the manner in which the 1998 NAEP reading test results were released, and the apparent violation of NAGB policy, the Subcommittee investigated the matter and held a hearing on May 27, 1999. During the hearing, Mr. Schaffer (R-CO) specifically questioned Dr. Forgione about the Vice-President's characterization of the results in his presentation:

> **Mr. Schaffer**. The Vice President used the time frame from 1994 to 1998. So is it fair for me to say that the President told the truth?
>
> **Mr. Forgione**. They certainly presented half of the truth.
>
> **Mr. Schaffer**. But he didn't tell the truth, right?
>
> **Mr. Forgione**. Not the whole truth…I prefer to say the Vice President presented part of the data and the Commissioner later presented all parts of the data. I would say that is not trivial and that is why we want the Commissioner to go first, because America has to believe the data. What he did was not inappropriate, if in fact all of the information had gotten out. When the Vice President leaves, a lot of the press leaves with him.

Dr. Forgione himself was critical of the Vice-President's involvement in the release of the NAEP scores, stating in press accounts that campaign style government "can cloud the confidence people might have in the independence of the data."[74] In April 1999, Dr. Forgione found out that the White House would not re-nominate him to be Commissioner, despite the Secretary's attempts to intervene. In the words of the Chairman of the NCES advisory board, "There's no question that his departure is a great loss to the agency…[h]e's been an effective and popular spokesperson for education statistics."[75]

At the May Subcommittee hearing, Dr. Forgione asked Congress to insulate NCES from any potential political infringements:

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[72] Ricardo Alonso-Zaldivar, "Gore Scolded on Test Scores Meeting," *Los Angeles Times*, March 23, 1999.
[73] David Hoff, "Republicans Vow to Free NCES from Political Meddling," *Education Week*, June 2, 1999.
[74] *Ibid.*
[75] David Hoff, "Renomination Blocked, Forgione to Depart," *Education Week*, May 26, 1999.

I would ask you and the Chairman to consider as you are looking at the reauthorization of my agency presently, to think about putting protections that would institutionalize this relationship so that the boundaries are very clear and it will not lead to these awkward solutions.

Education statistics must be trustworthy in order to be of any value. The nation needs accurate information about student performance, not political spin. If NAGB and NCES policies are so easily set aside to advance the interests of the Administration, what assurances do the American people and Congress have that such incursions do not affect the trustworthiness of all research and statistics released by the Department? Regardless of which party is in power, statistics gathering should remain separate and independent from political interests.

**CONCLUSION**

It is clear that the Department of Education has not been successfully transformed into a high performance organization during the 1990s. Federal programs are not carried out effectively, and agency mismanagement wastes federal dollars that should be reaching schools and classrooms. The federal role in education continues to place a burden on states and school districts. We must protect the Nation's education resources and spend them wisely.

During the 106th Congress, the Subcommittee has had the opportunity to continue to look beyond the crossroads – toward states, districts, and schools that have emerged over the last two decades as shining examples of excellence, fighting against bureaucratization of education at the in order to produce results. How have they achieved excellence? By implementing policies based on putting student performance first. We will now look at examples what the Subcommittee found at the state, district and school level down the "road to excellence", and we examine how the federal government can assist in those efforts.

## PART II: *HOW DO WE REACH EXCELLENCE FROM HERE?*

### "DE-MANDATING" SCHOOLS, SCHOOL DISTRICTS AND STATES

The federal role in education needs to be reoriented to put student performance first. Over the last two years the Subcommittee has looked into how schools, school districts and states are being freed from mandates and requirements that get in the way of putting students first, holding six field hearings in 1999 and 2000 around the country, as well as several in Washington, D.C. Charter schools, school choice, state accountability programs, and federal flexibility legislation have all played an important role in making education more performance based at the school, school district and state level.

### FLEXIBILITY FOR SCHOOLS: *Charter Schools Grant Flexibility To Put Children First*

In 1991, Minnesota's Governor Arne Carlson (R) enacted the first charter school law in the nation was enacted under. What started as just a trickle is now a tidal wave, with more than 1,484 charter schools in 36 states, including Washington, D.C.[76] For almost a decade, the idea of granting freedom from process requirements and regulations in exchange for accountability for producing results has swept many parts of the country and has inspired numerous education reforms at the state and federal level. Charter schools have not only significantly changed the landscape of education in America, they have served as a model for lifting mandates on school districts and states: innovations like charter districts and Gov. Jeb Bush's A+ Education Plan in Florida, and federal legislation such as the Straight A's Act (H.R. 2300), Ed-Flex Partnership Act (P.L. 106-25), as well as other flexibility provisions.

#### *Flexibility with Accountability Leads to $61,000 Surplus in First Year of Charter School*

In March of 2000 the Subcommittee visited Temple Terrace, Florida, just outside of Tampa. The Terrace Community School (TCS), a charter junior high school, hosted the hearing. The Terrace Community School has excelled by expecting its students to meet high standards, and by using its resources creatively to address the needs of its students. Each day students focus on four core academic courses: math, English, science and history. In addition, they study Latin and Spanish, and are required to reserve two hours a day for homework. The head of the school, David Lourie, told the Subcommittee that the school's achievements were a direct result of the freedom and accountability that come with being a charter school. These freedoms have led to important innovations, which have contributed to the success of the students in the school.

Terrace Community School operates with less than $4,000 per child. This must pay for all expenses, including textbooks, supplies, equipment, lease payments, building maintenance and utilities, transportation and payroll. Yet despite those severe constraints, they ended the year with a $61,000 surplus! How did the school accomplish this? By being freed from bureaucratic

[76] As of September 1999. See: U.S. Department of Education, *State of Charter Schools 2000: 4th Year Report*, January 2000, p. 1.

processes that constrain non-charter schools, Mr. Lourie could decide how to run the school and seek out the most cost effective means available to them. The school, among other things,

- purchased used and refurbished textbooks, saving thousands of dollars;
- solicited donations from members of the community to avoid spending large amounts on desks, tables, chairs, and bookshelves;
- was painted by parents, teachers, and students on weekends;
- enlisted the expertise of parents for many professional and technical services, including computer set-up and repair.

As a result of these efforts, in one summer, and for only $3,000, the school was able to set up a computer lab consisting of 22 networked computers, all connected to the Internet. Mr. Lourie said they were able to accomplish so much with so little because, "we enjoy the fiscal freedom to spend our funds on only those goods and services that will benefit the students and teachers."

> ***" We promised to deliver a product in our charter application and our survival depends upon our delivering that promise. If we don't, we should be closed."*** [77] - David Lourie, Terrace Community School

Accountability also comes in the form of demand, and TCS does not appear to have any trouble attracting students to its program, nor retaining students. TCS received over 200 applications for the 1999-2000 school year, and 95 percent of those students re-enrolled after their first year. By mid-March of the 2000-2001 school year the school had already received over 160 applications for just 40 available spaces.

***Accountability Leads to Higher Test Scores in Inner-City Charter School***

> ***"I want to say to start off with I'm not necessarily for public schools, charter schools or vouchers. I'm really for effective education for our children."*** – Eric Mahmoud, Harvest Preparatory School

Accountability to parents for results led one Minneapolis charter school to seek out the most effective curriculum available in order to best help its students. Harvest Preparatory School is a Minneapolis charter school that has seen tremendous achievement gains over the last few years. It serves 350 children from kindergarten through 6th grade, and 200 children are on the waiting list. Ninety-nine percent of the students are African-American, 63 percent are low income, and 65 percent come from single-parent families. The Subcommittee heard from Eric Mahmoud, head of the Harvest Preparatory School in Minneapolis, Minnesota, at a hearing on June 6, 2000.

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[77] Testimony of David Lourie, Hearing on "Putting Performance First: Academic Accountability and School Choice in Florida," Subcommittee on Oversight and Investigations, Temple Terrace, Florida, March 27, 2000.



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In 1994, Mr. Mahmoud began to look around the country for models of successful schools, and found Wesley Elementary in Houston, Texas, which was also highlighted in the first *Education at a Crossroads*.[78] Wesley Elementary uses a research based curriculum model known as Direct Instruction (DI), and despite the poverty of most of the children in the school, the students were performing at two and three grade levels above their actual grade. Based on these results, Mr. Mahmoud decided to implement DI at his school, which has been in place for five years. Mr. Mahmoud described for the Subcommittee the stunning results of this curriculum in his school:

> Since 1995 we've used Direct Instruction in our school, and we've had tremendous success. Our first year after using Direct Instruction our [kindergartners] went from 53 percent in reading on the reading comprehension tests for the California Achievement Test to 85 percent. Our second graders went from 49 percent to 71 percent. Just last year we took the Minnesota basic skills test. Our third and fifth graders, 93 percent of our third and fifth graders scored at or above grade level in reading, so we've had tremendous success using this instructional approach.

Harvest Prep is also successfully using the Core Knowledge curriculum to teach geography and history.[79] The school ranks in the top five percent of public elementary schools in the Minneapolis area. Its second grade African American students were outscoring white students in Minneapolis after the first year of using Direct Instruction.

By putting the unique needs of its students first, this Minneapolis charter school has seen children that others would not expect to excel make achievement gains. Their flexibility and direct accountability to parents helped to bring this about.

***Building on Success: How to Empower and Expand Charter Schools***

Because charter schools are experiencing such tremendous growth and success around the country, it is important that all levels of government do as much as possible to empower them. In order to examine this issue more closely, on March 3, 2000, the Subcommittee held a hearing in Washington on the successes of charter schools and the challenges facing them today. The hearing highlighted several areas where charters will need assistance in the near future in order to expand. Present as witnesses were:

- Irasema Salcido, principal of the Cesar Chavez Public Policy High School in Washington, D.C. and charter school advocate;
- Irene Sumida, Director of Instruction at Fenton Charter School in Lake View Terrace, California. The Subcommittee had heard from this school's principal, Mr. Lucente, at the hearing in Los Angeles on January 30, 1997;

[78] See: *Education at a Crossroads*, p. 50.
[79] *Ibid*, p. 48.

- Kathryn Knox, Headmaster of Liberty Common Charter School, Ft. Collins, Colorado; and
- Jon Schroeder, Executive Director of the Charter Friends National Network, which is a network of organizations that provide assistance to charter schools around the nation.

In this hearing, as well as others where similar issues were addressed, the following were raised as being among the most significant issues facing charter schools today:

- ***Start-up Funding:*** Each witness underscored the importance of continuing to increase the annual appropriation for charter schools as the number of charter schools grows, as Congress has done thus far. Increases in funding have allowed for more grants, and for the average-size grant to be larger. Since the 1998 reauthorization, larger grants will go to states with stronger charter laws, since stronger laws produce more schools.

- ***Federal Role:*** The federal government needs to exercise caution and not tie strings to charter schools. As Mr. Schroeder testified to the Subcommittee, "don't impose uniform, prescriptive national solutions on charters that discourage or impede their efforts to address these goals through a performance-based contract between each school and its sponsor."[80]

- ***Learn from Charters:*** It is important to document the growth and impact of charter schools, and their impact on students and districts. In addition, the federal government should learn how charters can serve as an "R&D program for changes and improvements in all public schools in areas like special education, accountability and facilities funding," according to Mr. Schroeder.[81]

- ***Facilities funding:*** The issue of facilities is a significant issue for charter schools, many of which start from scratch without a building or any capital to acquire one. Federal start-up funds are not intended to pay for facilities, and the per-pupil funding schools receive for operating expenses are not usually sufficient to make mortgage or rent payments. Consequently, charter schools are required to "take money out of the classroom to put a roof over their heads."[82] Ms. Salcido described her situation to the Subcommittee:

> I don't think it is any longer appropriate to hear stories of schools opening in abandoned buildings, or in basements. Our school was forced to start in a basement, and I think that is not acceptable. We are public schools and we should be able to have the ability to have a building for our schools.

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[80] Testimony of Jon Schroeder, Charter Friends National Network, Hearing on "Charter Schools: Successes and Challenges," Subcommittee on Oversight and Investigations, March 3, 2000.
[81] *Ibid.*
[82] *Ibid.*

Even though charter schools have real needs in the area of facilities, Minnesota State Rep. Alice Seagren cautioned the Subcommittee not to allow the federal government to get entangled in what is and should be an issue for states and school districts:

> ...I would be cautious of the federal government getting into programs for facilities, whether it's for charter schools or any public school. I think the states are the best ones to handle that situation....At the federal level I would stick to looking at start-up support for charter schools with the ability for the federal government to play a role in disseminating information, and helping other states examine the best charter school system. I would be a little bit cautious about going into a lot of federal programs for actual capital facilities for charters at this point. You could look at low-interest loans if you have a state that doesn't have a good bond rate.[83]

There is much that states can do to enable charter schools to acquire the facilities they need. States can learn from each other as they try different avenues of helping charters with this issue. Colorado, for example, has been out in front on this, creating options to help their charter schools acquire buildings by creating designated entities with the explicit authority to issue tax-exempt bonds on behalf of charter schools.[84]

- ***Charters Need Timely and Flexible Federal Dollars***: In order to operate as flexibly as possible, charter schools would greatly benefit from relief from federal categorical program constraints. In addition, charters need to be treated fairly, and receive their fair share of federal grant dollars in a timely manner. According to Mr. Schroeder,

> There are... practical issues here involving getting a fair share of money on a per-pupil basis to individual school sites, especially from the federal level. It is a struggle at the state level as well. Perhaps some piloting there of the concept of a block grant that would cut through all of that red tape, take away the time that is needed for all of the preparation of grant proposals, and the administration of these individual categorical programs is something that could be tested in the charter environment with the extra accountability that exists there. Then, challenge States to do the same thing.

Ms. Sumida expressed similar ideas in her testimony. Flexible federal dollars would provide relief for charter school operators and ultimately be better for the children:

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[83] Minnesota State Rep. Alice Seagren, responding to questions from Mr. Schaffer (R-CO), Field Hearing on "School Choice and Parental Empowerment in Minnesota," Subcommittee on Oversight and Investigations, Bloomington, Minnesota, June 6, 2000.

[84] See testimony of Dr. Randy Everett, Liberty Common Charter School, Field Hearing on "The Impact Of Federal Policies On State And Local Efforts To Reform Education," Subcommittee on Oversight and Investigations, Lakewood, Colorado, January 25, 2000.

> The federal Government also could be of assistance with a block grant federal categorical funding model... Funding could still be distributed based on need, but this mechanism would relieve charter schools of the cumbersome and time-consuming documentation that is currently required of many of these programs. A block grant would free up more time to work on our primary objective, which is also the primary objective of all federal programs, to improve student achievement.

- ***Opposition to Charter Schools:*** The opening of a charter school in a school district is not always celebrated on all fronts. Charter schools represent change, and could require the entire education system to change as a result. Too many adults have a vested interest in maintaining the status quo at the expense of the needs of children. Consequently, on top of the difficulties that come with opening a new school, charter schools are often required to fight political battles and divert resources from developing their school. Ms. Sumida and the Fenton Charter School had to fight their own battle with the local teachers union. Ultimately, the staff in her school chose to withdraw from the union and the school district, after paying dues for five years without receiving benefits. Ms. Sumida described in general for the Subcommittee the opposition that charters sometimes face:

> Finally, a challenge that many charter school developers must overcome is the sometimes hostile or uncooperative reaction of school districts, school boards and labor organizations, and institutions of the status quo, regarding the development of charters within their sphere of influence. Although there is little that can be done on the federal level, it should be noted that strong federal support of charter schools and the continued bipartisan support from the President on down, will continue to gradually change the attitude of those who may currently impede the development of charter schools.

Congress can best help charters in conquering opposition by maintaining its strong support for charter schools through federal start-up funds and by protecting these schools from federal entanglement and bureaucracy.

- ***Monitoring and Accountability:*** Many school districts and states around the country are struggling to determine how to best monitor charter schools without interfering with their success – how to trust, but verify, their results. Ms. Salcido underscored the importance of not creating a local charter school bureaucracy that interferes with their success.

> ...my hope is that as we grow and become permanent parts of the educational system, we are not going to be adding agencies and places to report and write reports just for the sake of reporting. I think it is very important that we keep in mind that we don't want to build any more bureaucracy.

***How To Ensure Charters Will Fail***

At the Subcommittee's hearing in Florida, charter school principal Mr. Lourie eloquently described what would ultimately cause a charter school to fail:

> I believe that charter schools will fail for one of three reasons: (1) they are compelled to act like traditional public schools through local district pressure and regulation; (2) they do not deliver on their educational promises, or (3) they forget their responsibility to the public system as a whole. It is our duty to make other schools better, be that through sharing innovative programs or competing for students. If a local school principal looks at our program, sees value in what we offer, and borrows an idea or two, that is great. If a local school official looks at our school and feels threatened, that is great, too...both of those scenarios will make their schools better, and that is all that matters.

If everyone involved in education at the local level puts students and their achievement first, charter schools can help bring about a higher quality education for all children, no matter where they attend school. And doing that, not ensuring process compliance, is true equity in education.

## Towards a More Perfect Union:
## How One School Resigned from Their Union and School District

**Chairman Hoekstra**: Why did your teachers and the administrators have to leave the union in the L.A. school district?

**Ms. Sumida**. ...[T]he teachers union had negotiated within the union contract that we in the charter school would take a leave of absence for 5 years. When the charter was up for renewal at the end of 5 years, we had to make a choice whether to resign from the school district or leave the charter school. The charter school leave could not be extended. It was something that the union and the school district had negotiated without charter schools.

Our teachers were very involved in this process when they heard they actually had to resign. When they read it in the union contract, I don't think that they believed that it would really happen. When the 5 years came up, they attended union meetings, because we had been paying dues and everyone was paying dues. Even those teachers who were hired as just Fenton employees, and were not employees of Los Angeles unified school district, and who were not members of the teachers union *per se*, had to pay agency fees. As soon as we hired them, money was taken and it had to be sent to the teachers union. So there was a group that was not a member of the teachers union paying dues and not represented at all, and then another group that were members of the union and on leave from the school district. When our 5 years was up, they negotiated and the union told us that we could get a one-year extension and leave our charter as is, but there were things that [they] wanted to clean up.

After 5 years we had learned a great deal and we felt that was unacceptable. It was a good time for us as well, because every teacher and staff member (and there were 170) had to decide if they were going to take that chance. I had over 25 years of seniority with the school district. Should I take that chance and leave and bet on Fenton or go back to the school district? ***All but a handful resigned.***

*--Hearing on Charter Schools: Successes and Challenges*, March 3, 2000.

## FLEXIBILITY FOR SCHOOL DISTRICTS

Building on the principle underlying charter schools, granting flexibility in exchange for a higher level of accountability has been implemented at the school district level in several states, including Chicago and Florida, and is also inspiring new ideas that address how to improve school districts and expand choice and competition.

***Mandate Relief Yields Results in Chicago Public School District***

> ***"By raising expectations, increasing flexibility and accountability, and shaking things up, they are improving the public schools - and, in so doing, improving the lives of Chicago's children. We should learn from the progress being made here, and we should replicate the common-sense reforms that have been undertaken. I believed, and once said, that Chicago's public schools were 'the worst in the nation.' Happily for the people of Chicago, this is no longer the case."***[85]-Dr. William Bennett, former Secretary of Education

The Chicago Public Schools district (CPS) was one of the first districts to establish a "charter-type" relationship with the state educational agency. The city has recently seen tremendous results under a regime of increased accountability for results and freedom from certain state mandates and regulations. On April 19, 1999 the Subcommittee visited Chicago with former Secretary of Education William Bennett, in order to highlight the progress Chicago has made since Dr. Bennett visited the city as Secretary ten years ago. Chicago was also where the first *Education at a Crossroads* hearing was held in 1995.

Flexibility in state funding has enabled Chicago Public Schools to balance its budget for the last four years and to negotiate two four-year contracts with their teachers. It has allowed them to create after-school and summer school programs for students needing extra help in reading and math, to expand preschool programs, and to create new opportunities for gifted students. All these changes have benefited their students, but especially students from low-income families, underachieving students, students with limited English proficiency, and students with disabilities. On January 28, 1999, Gery Chico, the President of the Chicago School Reform Board of Trustees, testified before the Committee and described the freedom the Board was granted and the standards it had to meet:

> The Mayor gave us a clear mandate: improve student performance and hold everyone in the system accountable for the results. He gave us a free hand to change curriculum, set new academic and disciplinary standards, revise staff disciplinary codes, and adjust virtually everything about the educational experience, from the length of the school day to the uniforms students wear.[86]

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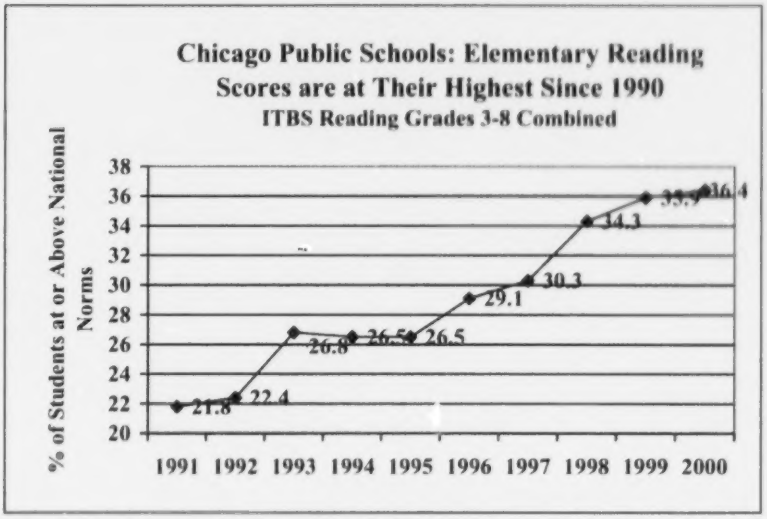
[85] Testimony of Dr. William Bennett, Subcommittee on Oversight and Investigations, Chicago, Illinois, April 19, 1999.

[86] Testimony of Gery Chico, President, Chicago School Reform Board of Trustees, Hearing on "Implementing School Reform in the States and Communities," Committee on Education and the Workforce, January 28, 1999.




Within the context of this flexibility, Chicago has seen its test scores rise on locally administered tests, the State's tests, and college entrance exams. The graph at right shows the dramatic improvements in achievement of elementary school students since the Chicago reforms were put into place beginning in 1995. In addition, graduation rates are up and dropout rates are down. Attendance has improved, and enrollment continues to rise as people once more choose the public schools over other options. But according to Chicago Public Schools Superintendent Paul Vallas, there is still more to be done: "With the federal government as a partner, not a puppet master pulling strings, the Chicago Public Schools can do even more."[87]

Superintendent Vallas also expressed his desire for increased flexibility in federal funding:

> Simply put, what we want is greater flexibility in the use of federal funds coupled with greater accountability for achieving the desired results. We in Chicago, for example, would be delighted to enter into a contract with the Department of Education, specifying what we would achieve with our students, and with selected groups of students. And we would work diligently to fulfill – and exceed – the terms of such a contract. We would be held accountable for the result.[88]

Gery Chico expressed similar ideas in his testimony before the Committee:

> Mayor Daley and I believe that what works for one school system may not necessarily work for others. While many school systems share similar problems, the solutions need to be carefully tailored to match the specific needs and capabilities of each community. With that in mind, I strongly urge the federal government to be as flexible as possible with existing as well as new funds. Let local governments decide how best to spend the money and then hold us accountable for results.[89]

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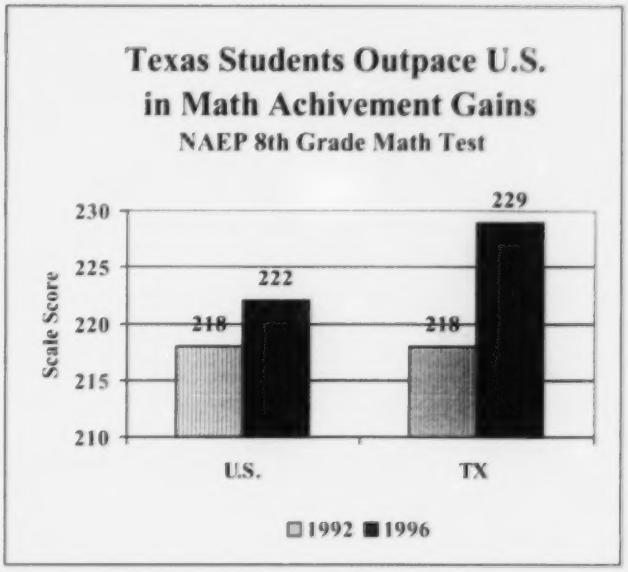
[87] Testimony of Paul Vallas, Superintendent of Chicago Public Schools, Subcommittee on Oversight and Investigations, Committee on Education and the Workforce, Chicago, Illinois, April 19, 1999.
[88] *Ibid.*
[89] Mr. Chico testimony, January 28, 1999.

The testimony of Superintendent Vallas and Mr. Chico demonstrates the need not only for the federal government to grant flexibility, but also for States to grant flexibility as well, so that school districts can tailor their programs as closely as possible to the needs of their students.

***Narrowing Achievement Gaps in Texas with Flexibility and Accountability***

In addition to Illinois granting Chicago a certain amount of flexibility to produce better results, several other states have taken steps to provide flexibility to local school districts. Texas has used its status as an "Ed-Flex" state to enhance its statewide accountability system: rather than requiring each individual district to separately apply for common-sense flexibility, it waived certain federal requirements for all districts in the state.

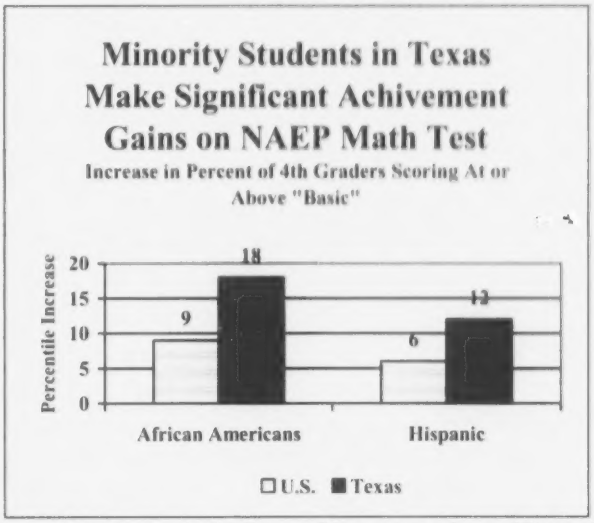



Over the last decade, Texas has demonstrated how increased flexibility within the context of increased accountability for performance can produce achievement gains for disadvantaged students. Based on test scores over the last few years, Texas has accelerated the rate of learning for disadvantaged students more than any other state in the country. Houston and Fort Worth top the nation in their success in narrowing achievement gaps.[90] The state ensures that no students are left behind by requiring that all children meet high standards. Under the Texas accountability system, schools are evaluated based on how well all groups of children are performing, not just on a school's average. Students are tested every year in every grade. This helps ensure that children do not fall through the cracks of the education system and that sufficient attention is devoted to ensuring that all children succeed. In exchange, the state grants school districts the freedom to pick the reforms they believe best suit their needs, and either rewards or sanctions them based on their performance.

As one of the first states to become an "Ed-Flex" state, Texas has had at its disposal an additional flexibility tool. It has effectively given its school districts the flexibility to allocate Title I funds to schools on the basis of need. Madeleine Manigold, the coordinator of State and Federal waivers for the Texas Education Agency, reported in her testimony before the

[90] Kenneth Cooper, "Closing the Achievement Gap: Houston, Ft. Worth Cited for Gains in Minority Education, *The Washington Post*, October 14, 1999.

Committee that test results in Texas demonstrated that Ed-Flex schoolwide waivers have played an important role in improving academic achievement for all populations of students in reading and mathematics.[91] In order to hold Ed-Flex waiver schools and districts accountable for improving student performance, Texas requires them to make enough gains each year so that in five years 90 percent of all students - and 90 percent of all African American, Hispanic, Caucasian and economically disadvantaged students - will be passing the state's assessment instruments in reading and math. For the period 1996-1998, Texas achieved this goal for all students and for all groups of students, including African American, Hispanic, and economically disadvantaged students.




Greater flexibility at the school level appears to be producing real results, both on the Texas Assessment of Academic Skills (TAAS) and the National Assessment of Educational Progress (NAEP).[92] It is significant that these gains show up in both assessments, further validating Texas' progress as real and not just the result of students learning to take the TAAS test over time. A recent RAND Corporation study has also confirmed the reality of Texas' achievement gains, especially in math. In a cross-state comparison of achievement by students from similar families Texas led the nation in academic gains. The study found that "although the two states are close demographic cousins, Texas students, on average, scored 11 percentile points higher on NAEP math and reading tests than their California counterparts. In fact, the Texans performed well with respect to most states."[93]

*Achievement Gains*

- Texas finished in the top ten, along with states such as Maine, North Dakota, and Wisconsin, in the 1996 NAEP fourth-grade math assessment. Whites and African Americans in Texas had the highest scores in the nation, and Latinos in Texas had the second highest scores in the nation.

- Between 1992 and 1996, the percentage of Texas fourth-graders achieving at or above the NAEP's "proficient" level in math rose from 15 to 25 percent far outstripping

[91] Testimony of Madeleine Daeger Manigold, Coordinator of State and Federal Waivers, Texas Education Agency, Hearing on "Putting Performance First: Hearing on "Ed-Flex" and its Role in Improving Student Performance and Reducing Bureaucracy," Subcommittee on Early Childhood, Youth and Families on February 25, 1999.
[92] Jay Greene, "The Texas School Miracle is for Real," *City Journal*, Summer 2000.
[93] David Grissmer, Ann Flanagan, Jennifer Kawata, Stephanie Williamson, *Improving Student Achievement: What State NAEP Scores Tell Us*, RAND, July 2000, http://www.rand.org/centers/education/pubsnav.html.

improvements nationwide. The share of Texas children scoring below the "basic" level in math fell from 44 to 31 percent during the same period.

- From 1992-1996, African-American fourth graders in Texas made the largest gains in math in the nation. Fourth grade Latinos made the second largest gains in the nation.

- In reading, the percentage of Texas fourth-graders achieving "at or above proficient" on the NAEP test increased from 28 to 31 percent from 1992 to 1998. The percent of students scoring below basic dropped from 43 to 37 percent.

- The percentage of Texas 3rd graders passing the state reading test increased by 13 percent in two years. For low-income third graders, the passing rate improved by nearly 20 percent.

- Texas students passing all parts of the state skills test (TAAS) has increased by 51 percent from 1994 to 2000. The number of both minority students and economically disadvantaged students passing TAAS increased by 89 percent.

Texas has demonstrated that by shining light on how all categories of students perform, and not just the average student, schools monitor more closely the education of poor and minority students. Ensuring that the public knows how well a school is performing has been a successful accountability measure in Texas. The state can grant flexibility to local districts because it knows that they will be held accountable for the results.

***On the Cutting Edge of Accountability in Florida***

In addition to Texas efforts to dramatically increase accountability for student performance down to the school level, Florida has also implemented cutting edge reforms. Florida is the first state to offer state-paid tuition scholarships to children in failing public schools so that they may attend a better-performing public, private, or religious school of choice. It has also enacted a "charter district" pilot program to specifically grant mandate relief to school districts that agree to meet a higher level of accountability. These initiatives were enacted as part of Governor Jeb Bush and Lt. Gov. Brogan's "A+ Plan," approved by the Florida legislature on April 28, 1999. The plan challenges the status quo by requiring everyone in the public school system to do better. The Subcommittee heard about Florida's efforts to improve education achievement from Commissioner of Education Tom Gallagher at the March 27, 2000 hearing in Temple Terrace, Florida.

Central to Florida's accountability system are school "report cards." Based on standardized test scores (the Florida Comprehensive Assessment Test), schools are assigned a grade between A and F based on how well they meet state standards for reading, math and writing. Schools receiving A's have to demonstrate that their student absences, suspensions, and dropout rates fell below state averages. Schools that improve scores are rewarded with up to $100 per pupil.



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*Freeing Disadvantaged Students from Failing Schools*

Students attending schools receiving a grade of F for two consecutive years are able to transfer either to a higher-scoring public school, or to a private or parochial school, by using an opportunity scholarship worth up to $4,000 a year. Students in two schools were eligible for scholarships in the fall of 1999, the only schools to receive Fs two years in a row. Both of these schools are elementary schools in Pensacola, Florida. Parents of the 900 students attending A.A. Dixon and Bibbs Elementary schools had a decision to make: whether to exercise their option to receive an opportunity scholarship to a private school, transfer to a higher performing public school, or stay put. Ultimately, out of nearly 900 students, the parents of 53 students opted to send their children to private schools and the parents of 85 students chose to send their children to "C" or better public schools.

Contrary to charges that these schools would be abandoned under the A+ Plan, "D" and "F" schools receive significant additional resources to help turn the schools around. Each school receiving an "F" received $25,000 for reading enhancement programs, in addition to top priority for all other federal and state grants distributed. In the two failing schools, there are now Saturday remedial courses and a school year that is 30 days longer. States and the district must take a second look at how resources are allocated to these schools in order to ensure they are better served. Commissioner Gallagher told the subcommittee that in order to help, "funding from the federal government must come with as few restrictions as possible. Send the states money and hold them accountable, which is the same philosophy we are applying to the districts from the state level."[94]

The NAACP, ACLU, Florida teachers unions, the American Jewish Congress, and People for the American Way filed a lawsuit against the scholarship plan claiming that the program violates both Florida's constitution and the U.S. Constitution. As a result of their suit, on March 14, 2000 Circuit Judge L. Ralph Smith Jr. ruled that Florida's school voucher law is unconstitutional because it violates a provision in the Florida Constitution that requires the state to provide students with a "uniform…and high-quality system of free public schools." The judge issued this ruling, even though the two Pensacola elementary schools were not providing a "uniform and high quality education" consistent with this standard.

The 53 children attending private schools in Pensacola were able to finish the school year. However, the state can take no other action to implement the law, according to the ruling. Florida has filed an appeal in what will likely be a long and drawn out fight to offer school choice to students in Florida. In the meantime, private citizens have committed to covering the tuition of the children in private schools.

One of the recipients of the Florida scholarships testified at the Subcommittee's hearing in Florida. Tracey Richardson told the Committee that she "felt like she won the lottery" when her daughter was chosen to participate in the scholarship program. Her daughter Kahlilah was

[94] Testimony of Commissioner Gallagher, Field Hearing on "Putting Performance First: Academic Accountability and School Choice in Florida," Subcommittee on Oversight and Investigations, Temple Terrace, Florida, March 27, 2000.

able to transfer out of her failing public school and attend a local Montessori school with the scholarship. Ms. Richardson told the Subcommittee,

> in the six months that she's been there, the greatest single improvement in my daughter's education is her spirit: instead of frustration and despair, I see hope and excitement in her eyes…This has been so good for my daughter that she now looks forward to school in the mornings. This is a complete change from her attitude when she went to a public school… [she] recently joined the chess club and the Girl Scouts. Now instead of having to deal with a failing school I am faced with a new problem: Khalilah wants to be involved with every program.[95]

Not only is Khalilah doing better in school, her mother is also free to decide where to send her to school. Freeing disadvantaged students from failing schools empowers parents, no longer restricting their choices in order to protect the "system" and enforce arbitrary district boundaries.

*Failing Schools Successful in Improving Scores*

Contrary to the claims of those who charged that the A+ Plan would hurt the ability of failing schools to improve, all of the schools that had earned failing grades in 1999 raised their marks by at least one grade. By raising their grades, the schools were no longer in the "failing" category and their students would not be eligible to transfer out of the school to other public or private schools. According to state education officials, 20 percent of elementary schools moved up at least two grade levels, while 30 percent moved up one grade level. Despite these improvements, however, four schools received failing grades for the first time and two of the original 78 failing schools have since closed.[96] In addition, parents who were looking forward to being able to provide their children with an improved educational setting will not have that option. The success of Florida's choice program illustrates the importance of putting student performance first. As Ms. Carrin from the Florida Department of Education was quoted in *Education Week*, "the bottom line was to increase student performance, not to have a voucher program."[97] Thus far, Florida's efforts are promising.

*"Getting out of the Way" of Success: Charter Districts in Florida*

Republican Governor Jeb Bush has also enacted a pilot program to test the concept of "charter districts." The first districts to receive this status submitted their applications last fall to the State Board of Education. The purpose of this pilot program is to give public school districts the flexibility to improve student achievement and school management without the usual constraints placed upon them by the state. A charter school district in Florida is a school district that has submitted a charter proposal, which exchanges statutory and rule exemption for an

[95] Testimony of Tracy Richardson, Field Hearing on "Putting Performance First: Academic Accountability and School Choice in Florida," Subcommittee on Oversight and Investigations, Temple Terrace, Florida, March 27, 2000.
[96] Jessica L. Sandham, "Vouchers Stall as Florida Schools Up Their Scores," *Education Week*, July 12, 2000.
[97] *Ibid.*

agreement to meet performance goals in the proposal. The charter school district can be chartered for 3 years, at the end of which their performance will be evaluated.

At the March 27, 2000 hearing in Temple Terrace, Florida, Dr. Lennard, Superintendent of Sarasota Public Schools in Florida described for the Subcommittee how the charter district proposal works:

> Basically, our plan asks for relief from more than 800 pages of state statutes, with the exception of those dealing with health, safety and equity issues. With this new freedom, our district and, in turn, our schools will have the opportunity to create innovative programs to meet the needs of their specific student population...The changes to the way our school system will operate as a charter district will significantly benefit our children's achievement because decisions affecting their education will be made by those closest to the students—their teachers and parents.
>
> Our charter district proposal creates a redesigned governance system that places schools, not the district, as the focal point for educational improvement....Just as the charter district legislation envisions Tallahassee "getting out of the way" of charter districts, Sarasota envisions using this legislation to "get out of the way" of creative, successful schools. Tallahassee will continue to monitor the progress of our charter district and hold us to exacting outcomes and standards. Likewise, the School Board will monitor the progress of all schools and will hold them to similar exacting standards of performance.[98]

Their proposal allows schools to choose whether they'll receive their funding in block grants and be held to higher standards, or stick with the current system that allocates their funding in categorical grants. Successful schools receive financial rewards that have few strings attached; schools in need of improvement receive additional funds that require district approval for how they are spent.

The charter district concept in Sarasota County also gives employees in the central support services departments the ability to vote on becoming an enterprise service unit. With that status they can market their services to organizations outside the school district and thus compete in the open market and possibly bring in additional revenue.

What remains to be seen about "charter districts" is whether they will produce any change at the school level in how they are governed, staffed, financed and operated. In addition, charter districts could be used as a means of slowing charter school growth, without providing the same level of flexibility and accountability at the school level that traditional charters provide for individual schools. While charter districts in Florida may result in streamlined bureaucracy at the district level, and may be an effective way of making government more performance oriented, they are not the same concept as charter schools, despite the fact that these districts are described as "charter" districts. In order to protect charter schools, it important to keep the lines

[98] Testimony of Dr. Lennard, Field Hearing, Temple Terrace, Florida, March 27, 2000

that separate them from traditional schools distinct so that they can maintain their unique characteristics and freedoms that have made them so successful.

***Charter Districts: School Districts of the Future?***

Other groups representing mainstream education are looking to the charter model to improve school districts. In November 1999, the Denver-based, non-partisan Education Commission of the States (ECS) released a major report outlining two approaches to school governance that States could use to turn around underachieving schools and districts. Much like charter schools, both approaches outlined in the *Governing America's Schools* initiative decentralize authority to the school level, give more options to parents, and allow taxpayer dollars to follow students to the publicly funded schools of their choice. The Subcommittee heard about this report from Tom Jandris, a representative of ECS, at a hearing held in Lakewood, Colorado in January of 2000.

As the success of charter schools has demonstrated, school governance is an important issue when it comes to accountability for results. Mr. Jandris described its importance in this way:

> Governance arrangements establish the rules of the game. They determine, through statutes, collective bargaining and other legal agreements, regulations and court rulings, who is responsible and accountable for what within a system.... Without good governance, good schools are the exception, not the rule.[99]

The first governance approach developed by the National Commission on Governing America's Schools accelerates the promising changes already under way, moving from the traditional one-size-fits-all "*school system* to a more dynamic, diversified and high-performing *system of schools*."[100] It involves strong state and district-level standards, school choice, and decentralized budgeting. Districts would continue to hire superintendents and principals, bargain with unions, and hold schools accountable for results, but individual schools would write their own budgets based on per-pupil funding, hire and fire teachers, and allocate their own resources.[101]

The second approach goes further, significantly redefining the roles, responsibilities and interrelationship of states, districts, schools, communities, and public and private organizations. It describes a "charter district" that functions as a contractor, and where schools are run by independent entities. Teachers, principals, parents and others would have considerable freedom to design, create and operate schools, limited only by state and federal laws and the terms of their contract with the district. Schools would negotiate salaries and benefits with teachers and principals, set standards, write curricula, and borrow and spend public funds at their own discretion. Districts would distribute money, recruit staff members, and provide the public with

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[99] Testimony of Tom Jandris, Field Hearing on "The Impact of Federal Policies on State and Local Efforts to Reform Education," Subcommittee on Oversight and Investigations Lakewood, Colorado, January 25, 2000.

[100] *Ibid.*

[101] Jessica Sandham, "ECS Report Tackles K-12 Governance," *Education Week*, November 10, 1999.

information about the schools. School boards would oversee the schools, and would be empowered to shut down schools not meeting the terms of their charters. This option would have the potential to significantly enhance the power of local school boards, since they would be freed to hire contractors and implement their own policies.[102]

The group that produced the *Governing America's Schools* study included current and former state and local school board members, current and former state and local superintendents, current and former teachers, for-profit education and charter school representatives, governors, business leaders, education, social services and public-sector reformers, a state legislator, and a teachers' union leader. It is significant that such a broad range of views could come to an agreement that school districts and schools should be given more freedom in order to produce better results for children, and perhaps is an indication that such reforms are not as far away as one might think.

[102] *Ibid.*

## FLEXIBILITY FOR STATES: STREAMLINING FEDERAL REQUIREMENTS

During the 106th Congress, the House took several steps to reduce the burden of federal requirements on States and school districts, and to put student performance first. On April 27, 1999, President Clinton signed into law the *Education Flexibility Partnership Act of 1999*, P.L. 106-25. The House took flexibility even farther by passing H.R. 2300, the Academic Achievement for All Act on October 21, 1999.

### *Ed-Flex: Useful, But Not Sufficient to Address the Flexibility Needs of the States*

> ***"...the "Ed Flex" legislation that recently passed conference committee is a welcome start at lightening the regulatory burden, but we need to keep pushing. In fact, we need to push a lot further."***[103]—former Secretary of Education William Bennett

The House passed H.R. 800, the Education Flexibility Partnership Act, which was signed into law on April 27, 1999. This bill removed the 12 state limit on participants in the "Ed-Flex" program, and strengthened accountability. Ed-Flex allows states to waive certain federal program requirements for local school districts. Previously school districts could only apply to the U.S. Secretary of Education for such waivers. Ed-Flex is designed to make federal categorical programs work better by allowing school districts to tailor them in certain ways so they more effectively meet the unique needs of students. The waivers can accomplish this by removing certain program requirements that are barriers to reform at the local level. It does not allow districts to change the purpose of federal programs, shift funds or consolidate programs.

The expansion of Ed-Flex is an important step towards increasing flexibility at the local level. For some States, Ed-Flex is adequate for their flexibility needs. Other States, however, are ready for additional flexibility and accountability. According to a U.S. General Accounting Office report on Ed-Flex, Ed-Flex's narrowly structured waivers generally do not address many school districts' major concerns. GAO found that, in general, school districts' concerns did not

> [F]ocus on any single program or requirements; instead, they extended across several broad areas...Ed-Flex...waivers do not address these areas of concern because waivers are limited to a specific set of programs and requirements, and because districts' major concerns often lie outside the scope of the waiver authority.[104]

A separate GAO report found that Ed-Flex is limited because it does not "reduce districts' financial obligations nor provide additional federal dollars"; and, because the flexibility is limited to specific programs, the districts' "ability to reduce administrative effort and streamline procedures is also limited."[105] Additionally, GAO stated in testimony submitted to the Subcommittee,

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[103] Testimony of Dr. William Bennett, Subcommittee on Oversight and Investigations, April 19, 1999.

[104] U.S. General Accounting Office, *Elementary and Secondary Education: Ed-Flex States Vary in Implementation of Waiver Process*, HEHS-99-17, November 1998, p 14.

[105] U.S. General Accounting Office, *Elementary and Secondary Education: Flexibility Initiatives Do Not Address Districts' Key Concerns About Federal Requirements*, HEHS-98-232, November 1998, p.8.

> rather than simplifying the necessary information on federal requirements, these flexibility initiatives actually expand the amount of information school district officials need...because these initiatives are program-specific, and each applies to a different set of programs, district officials need detailed information on each provision – information that is often difficult to find.[106]

In order to put student performance first, those states and school districts on the cutting edge of reform, and with a proven track record of improving student achievement, should be granted the greatest possible flexibility to educate their students. If a state has demonstrated that it is effectively improving student achievement, the federal government should empower those efforts and not require the implementation of federal one-size-fits all programs. In Texas, for example, the statewide accountability system has led to significant achievement gains. Texas, and other states that are producing results, should not be required to implement a federal program that is in many ways an imperfect attempt to reproduce their state's own effective education policy: they should be freed from constraining federal requirements and evaluated by the public in terms of the success of their students.

***More Freedom, More Accountability: The Academic Achievement for All Act***

The Academic Achievement for All Act (Straight A's) is also similar to the concept of charter schools: grant freedom from regulations and process requirements in exchange for accountability for producing results. Under Straight A's, Washington assumes the role of shareholder, not CEO, of the nation's education enterprise. Rather than micromanaging the day-to-day uses of federal money, it lets States manage their schools and dollars as they see fit in return for an agreed upon return on the federal investment. This has been demonstrated to be effective in charter schools, in states like Texas, and in cities like Chicago, where flexibility to innovate combined with high standards of achievement has produced significant gains in achievement.

The purpose of Straight A's is to untie the hands of those States that have their accountability systems in place, in exchange for required results. It goes beyond Ed-Flex to more effectively address the flexibility needs of the States. States have the option of participating in Straight A's or staying with the current arrangement of separate categorical funding streams. Unlike many recent attempts by Congress to place accountability requirements into federal programs such as Title I, accountability in Straight A's is been coupled with fiscal and legal autonomy and flexibility, which allows reforms to be implemented *quickly* and *efficiently* at the state and local level.

Providing states with flexibility to innovate is an important way to learn what works best in education. According to a recent study by the RAND Corporation, "[h]aving 50 states take

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[106] U.S. General Accounting Office, Testimony submitted to the Committee on Education and the Workforce, Subcommittee on Oversight and Investigations, *Elementary and Secondary Education: Flexibility Initiatives Do Not Address Districts' Key Concerns About Federal Requirements*, T-HEHES-00-51, January 25, 2000, p.9.

different approaches to education can provide a powerful advantage in the long run if research and evaluation can identify what works and what does not."[107]

Granting States and localities the flexibility to consolidate federal funding streams is not without precedent in federal law. Several programs and agencies have recognized the value of accountability based on performance, not compliance. Some examples:

- The Environmental Protection Agency (EPA) allows States to enter into performance contracts, where States agree to meet certain environmental targets in exchange for receiving their grant money in the form of a consolidated grant.

- Territories and insular areas are allowed under current law to receive their federal grants from multiple agencies in one grant to be used for purposes determined by the insular area.

- Schoolwide projects under Title I of the Elementary and Secondary Education Act of 1965 allow schools to combine all of their federal dollars for the purpose of improving the quality of the entire school and increasing student performance.

- Performance Partnership Grants are used in grants for substance abuse prevention and treatment services administered by Substance Abuse and Mental Health Services Administration (SMHSA).[108]

- In recent years Congress has allowed States to submit one consolidated application for most federal education funds, and to consolidate administrative set-asides for those programs at the state and local level.

GAO has even recommended that the U.S. Department of Education consider "Performance Partnership Grants" (PPG) as a way giving states more control over the use of federal dollars, "while encouraging them to accept greater accountability for results."[109]

*States and School Districts Support Straight A's*

The Committee has heard testimony from several individuals representing these states and cities who have asked Congress to grant them the freedom to have a more performance-based relationship with the U.S. Department of Education:

Brett Shundler, the Mayor of Jersey City, NJ, testified before the Committee on May 20, 1999:

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[107] David Grissmer, Ann Flanagan, Jennifer Kawata, Stephanie Williamson, *Improving Student Achievement: What State NAEP Scores Tell Us*, RAND, July 2000, p. xxxvi.
[108] See GAO, *Substance Abuse and Mental Health: Reauthorization Issues Facing the Substance Abuse and mental Health Services Administration*, GAO/T-HEHS-97-135, May 22, 1997.
[109] GAO, *Federal Education Funding: Multiple Programs and Lack of Data Raise Efficiency and Effectiveness Concerns*, GAO/T-HEHS-98-46, November 1997.

> The sixty programs comprising the Elementary and Secondary Education Act are well intentioned. However, many of them have little to do with the reality of urban classrooms. I would...strongly recommend that you give the option of the Straight A's Act flexibility to large school districts in any States which do not choose to participate [in Straight A's]. The problems and needs of a large urban district can be quite different and are even at odds with those of the surrounding state.

Governor Jeb Bush of Florida voiced his support of Straight A's in a House Budget Committee hearing on September 23, 1999:

> Without legislation like the Straight A's Act, Florida will not be able to use federal funds to fully support our reform efforts. But with the Straight A's Act, Florida's school districts could use federal funds to support their accountability-driven efforts in the manner they believe best to address their local solutions, whether those solutions are more technology, smaller class sizes, a longer school year, or individual tutoring...I have come here to offer you more accountability from Florida, in exchange for more flexibility. We can increase the impact that federal dollars will have on student learning in our state, if we are provided with more freedom and less one-size-fits-all regulations from the federal government.

In her testimony before the Budget Committee's Education Task Force, Ms. Scalfani of the Houston School District recommended that more federal dollars be allocated to school districts with the flexibility that they have under the Innovative Education Program Strategies (Title VI) block grant, which is similar in the flexibility Straight A's offers to States and school districts:

> The Title VI program stands in contrast to the Title I program. Title 6 makes a significant difference in the lives of over 212,000 students in Houston ISD and over 13,000 students in surrounding nonprofit private schools and neglected and delinquent facilities. The program provides on-going professional development to 15,000 teachers. Title VI provides services to ten local district reform programs and projects, as well as fifty-four nonprofit private schools and facilities within the Houston Independent School District's boundaries... Title 6 funds have provided a mechanism to influence and provide opportunities for advancement in nationally identified areas such as technology, readiness skills, parental involvement, curriculum, school improvement, higher order thinking skills, combating illiteracy, and increased professional development for teachers and parents. All Title 6 funded programs have been designed specifically to improve overall student achievement.
>
> ...As one compares the Title 1 and Title VI programs, it becomes clear that Title 6 is effective in raising student achievement without all of the compliance

requirements of Title 1. One can deduce from that that the time spent complying with Title 1 requirements could be better spent focusing on improving student achievement.

Ms. Sclafani observed that if the federal government put student performance first, they would focus their efforts where students are not succeeding:

> If a particular district cannot demonstrate improved student achievement, the state would be required to audit the programs serving the specific students and place the district under a technical assistance requirement until results improve. Otherwise the district would be able to apply the funds to programs and not to staff completing forms to demonstrate compliance. If this option were in place, fewer dollars would need to be allocated to state departments of education and central offices, and more would go directly to student services.

Straight A's has the potential of serving as the catalyst for significantly improving the federal investment in education by encouraging reform-minded States to continue their successes. Federal funds should be focused on helping children and their schools, not on preserving separate funding streams and maintaining separate categorical federal programs. If Straight A's is signed into law, all students, especially the disadvantaged students who were the focus of federal legislation in 1965, may finally receive effective instruction and be held to high standards.

## FLEXIBILITY FOR PARENTS

Putting performance first means empowering parents to make the best decisions about their child's education. The Subcommittee has continued to examine policies that accomplish this goal, which include education tax credits and deductions, as well as school choice.

### *Using the Tax Code to Expand Choice in Education*

Many people believe using the tax code is the most direct way to empower parents because benefits are not filtered through government agencies and programs before reaching parents and students. Moreover, parents control where the money is spent, not the government. On June 6, 2000, the Subcommittee visited Minnesota to find out more about education tax credits and school choice initiatives in that state. Minnesota has led the nation in school choice by enacting the first charter school law, and significantly expanding a longstanding education tax credit: Since 1955 Minnesota has had an income tax deduction for education expenses: until it was expanded in 1997, taxpayers could deduct $1,000 for students in grades 7 to 12, and $650 for students in kindergarten through sixth grade.

In 1983 Minnesota taxpayers challenged the constitutionality of the education expense deduction in *Mueller v. Allen*. The taxpayers claimed that the deduction violated the First Amendment because it amounted to an establishment of religion, since nearly all of the taxpayers using the deduction had children in parochial schools. In a five-to-four decision, the U.S. Supreme Court upheld the Minnesota statute giving tax deductions to parents for tuition and other costs incurred in educating their children at public and private schools. The court found that the deduction met all three parts of the *Lemon* test set forth in *Lemon v. Kurtzman, 492 U.S. 602 (1971),* since the deduction was one of many deductions available to Minnesota taxpayers.[110] In addition, it met the requirements of the *Lemon* test because:

- The deduction was available to parents of both public and nonpublic school children.
- Public funds became available only as a result of "numerous, private choices of individual parents."
- The financial benefits to parochial schools were minor.

In 1997, due to the efforts of former Governor Arne Carlson (R), the state legislature increased the deduction to $2,500 and $1,625. The legislation expanded the list of deductible expenses to include academic summer school and camps, tutoring, personal computer hardware, and educational software. It also gave families with annual incomes of $33,500 or less a refundable education tax credit of $1,000 per child, with a maximum of $2,000 per family. The tax credit applies to all items that qualify for the deduction except tuition. The legislation also expanded the Working Family Tax Credit, which provides an average tax credit increase of $200 to $350 for families making $29,000 or less.

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[110] "Income Tax Deductions and Credits for Public and Nonpublic Education in Minnesota," *House Research Information Brief*, Minnesota House of Representatives, November 1999.

In 1999, the legislature further expanded the state's education tax credit by raising the household income limit for eligibility from $33,500 to $37,500, thus adding over 30,000 middle-class families to the program. This expansion included a gradual "phase-out" of the tax credit so that families would no longer be penalized for modest increases in their earnings. The 1999 legislation also ensured that all custodial parents are eligible for the tax credit and/or deduction. The state Department of Revenue reported that 38,500 low-income families claimed an education tax credit in 1998 (the first year it was available) and estimated that an additional 150,000 families benefited from the tax deduction. With most of the 1999 state income tax forms processed, the Department of Revenue reported that almost 55,000 families claimed the state's education tax credit during the second year that it was available, a 40 percent increase from 1998.[111]

**What does this mean for the average taxpayer in Minnesota?** The greatest tax bill reduction possible for the maximum $2,500 deduction is $200, which goes to taxpayers that itemize deductions and tend to have higher incomes. The estimated average benefit to families claiming the education tax credit is $369, thus providing larger benefits to those with the lowest incomes. The tax credit is only available to families with incomes under $33,500, and gradually phased out for incomes between $33,500 and $37,500.[112]

The Subcommittee heard from Morgan Brown from the *Partnership for Choice in Education* (PCE), an organization dedicated to informing parents of their education options. PCE has been instrumental in educating parents in Minnesota about the tax credits and deductions. During the hearing, Mr. Brown described in particular how low-income families were helped by this particular choice option, despite accusations that tax benefits such as this are really designed for the "wealthy":

> The bottom line is that every child in the state stands to benefit from the incentives the 1997 law provides for parents to become more involved in their children's education. Our organization has focused on helping low-income families use the tax credit and has already seen evidence that it is giving parents a greater sense of financial empowerment. Not only are many parents now exploring enrichment opportunities for their kids, but they are also reexamining their basic options and assumptions about where their children attend school on a daily basis. PCE believes that this, in turn, is fostering greater accountability and positive competition within the education system.
>
> The initial results for the education credit have been promising. In 1998, the first year the credit was available, almost 40,000 low-income families (one out of every five eligible) claimed a total of more than $14 million. The average amount claimed by these families was about $400 -- double what had been estimated

[111] Rees and Garrett, *School Choice 2000: What's Happening in the States*, The Heritage Foundation, July 2000 update, http://www.heritage.org/schools/minnesota.html#6.
[112] *Op Cit*, p.3.

originally by the Department of Revenue. Moreover, families in all of Minnesota's 87 counties used the credit, demonstrating its statewide appeal.

> The early data for 1999 are even more encouraging [showing a 40 percent increase in the number of parents claiming the credit]... these figures clearly show that low-income parents are eager to make choices that meet their children's educational needs. Opponents of the tax credit, who claimed originally that economically disadvantaged families either wouldn't utilize additional choices or wouldn't be able to come up with money for education expenses, are being proven wrong.[113]

Despite these achievements, there are still improvements that need to be made to ensure that the neediest families receive as much assistance as possible. PCE supports taking steps to: (1) make the credit more user-friendly for low-income parents, (2) increase the income limit to make the credit more accessible to moderate-income families, and (3) allow eligible parents to claim the credit for non-public school tuition.

Because of the need for political compromise to enact the tax deduction legislation, there is a discrepancy between the credit and deduction regarding private school tuition: low-income parents cannot receive a tax credit for tuition expenses. Consequently, low-income parents, for whom the deduction is of little or no use, cannot defray at least some tuition costs through the credit, while middle- and upper-income parents can do so through the deduction.

Mr. Brown urged Congress to pass legislation similar to Minnesota's but without its inherent inequity regarding private school tuition expenses.

> I would strongly encourage you and other members of the Committee to pursue the passage of a federal education tax credit based on the Minnesota model. I also ask you to make sure it allows parents to spend the dollars returned to them on the widest possible range of educational opportunities.

***Using Tax Credits to Create Opportunities for Low-Income Families in A Minnesota Public School District***

The Subcommittee heard from Superintendent Keith Dixon, of the Fairbault School District in Minnesota. Fairbualt created the "Kinderlinks" program, where students spend one-half of their day with the kindergarten teacher, and the other half with a Kinderlinks teacher. His testimony provides an example of how low-income parents take advantage of the tax credit, and how school districts can help these parents to use the credit to benefit their children as much as possible. He also responds to concerns Mr. Kind (D-WI) raised earlier in the hearing about the

[113] Testimony of Morgan Brown, Field Hearing on *School Choice and Parental Empowerment in Minnesota*, Subcommittee on Oversight and Investigations, Bloomington, Minnesota, June 6, 2000.

how practicality of a tax deduction or tax credit program for low-income families when many of them aren't going to benefit from it,.

> In our state we fund a half-day-every-day program. And so what we in essence did was say to parents "We're going to offer an all-day option for you; a choice." We had about 60 percent of our families take advantage of that choice within our system... [w]e have certified staff in that program, so that a child is with a teacher all day long and in essence attends all-day kindergarten in this program.
>
> Now, the one thing I want to focus on, that I think Mr. Kind [(D-WI)] brought out, is what our biggest challenge was. This was to provide this opportunity for low-income families, and I want to address that specifically. The way it's set up in Minnesota, in order to receive the tax credit you have to buy the service first. Most low-income families cannot pay the $1,000 to even be eligible to get the $1,000 back. So we worked it out with one of our local banks to lend the families the $1,000 at 6 percent simple interest. If they paid it back at the end of the year when their tax return was processed, the interest would be reduced to zero as a motivation to pay off the loan early. That's the way we set up the program.
>
> ...[T]he way [the tax credit is] set up, the money goes directly back to the family. Then the family goes in and pays off the loan. I can tell you, working with banks, that when they first looked at this proposal, they asked, "Why should we do this? It sounds as if we make no money and the risk is very high." And that is the truth in the way it's set up. It would have been much easier for banks if the families signed something that said, "Once you fill out your tax return, the money goes directly back to pay off the loan." But the way we made it work, and in some way in answer to your question, Mr. Kind, is the relationship we have with families. I think we overlook that in schools.
>
> ...Frankly, most of these families see all of our bureaucratic systems as foreign. I don't care if it's school systems or social services or what it is. What this allows us to do is work directly with those families. We process the loan application for them; they don't go to the bank. We made it very simple. We work with the bank; we help them fill out a set of worksheets to fill out their tax returns so that they make sure they get them in. We do all the work with families.
>
> ...I think the key is how we as the institutions work with families themselves. I think that's been our focus. We've been very successful getting our money back. I think we've loaned out over the years we've participated probably $34,000. I believe in two years we've had one family that was a challenge to get the money back from, and frankly the bank decided to split the risk.[114]

[114] Testimony of Superintendent Dixon, Field Hearing, Bloomington, Minnesota, June 6, 2000.



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One of the results of this program has been that for the first time many of the low income families are establishing financial credit for the first time by taking out small, $1,000 loans and then paying them off. They are also setting up accounts with the banks involved in the program. Even though the financial incentives were not apparent to the banks at first, they have new customers as a result of their willingness to participate.

***The Larger Strategy: Provide Many Opportunities for Choice***

Former Governor Carlson also testified before the Subcommittee, and urged the Congress to consider tax deductions and credits for education as part of a larger strategy of expanding educational choices for parents in order to improve student achievement.

> The real question that is before this committee and before Congress is what will it take to significantly improve educational outcomes. I would contend that education should consist of a variety of options designed for a variety of different needs. I strongly support a boutique approach. This would include charter schools which I signed into law during my first year in office, public school choice which was a favorite of my predecessor, post secondary options, as well as using the tax system to encourage and help parents achieve better educational results for their children including private school choice. The strength of the approach we took in Minnesota is the fact that all children have the opportunity to benefit. The assistance via the tax code goes not just toward private school tuition but also toward a variety of educational needs that will occur in either the private or public school system. Further, the tax approach utilizes a constitutionally safe method as opposed to the more legally doubtful voucher program.
>
> In summary, America has a real opportunity to reform its approach to education. If we focus entirely on the well-being of children and look toward satisfying outcomes, we will succeed. In Minnesota, educational choice has changed our whole discussion about education. The focus has shifted from inputs to outcomes. An increasing number of school superintendents and school boards want their systems to compete effectively. Virtually every day there is a news story on test scores or graduation standards. Increasingly, people are engaged. There is a far greater willingness to experiment in order to produce better outcomes.

Many choice programs and proposals offer school choice as an option for those children in failing schools. Governor Carlson, however, urged Congress to not restrict choice to failing schools in order to *prevent* failure in the first place, instead of waiting for it to happen.

> It would be my hope that all of us would try to provide a system designed to enhance benefits and opportunities for all children. This move toward allowing school choice only after a school has become a demonstrated failure is folly. It may sound like good politics but it is poor policy. Imagine if medicine were to take the same approach. The result would be that the benefits of modern medicine

would only be available to those near death. I would much prefer a system where choice and competition are at play thereby maximizing opportunities for the success of everybody and preventing negative outcomes.[115]

[115] Testimony of Gov. Arne Carlson, Field Hearing, Bloomington, Minnesota, June 6, 2000.

## TAX OPTIONS IN OTHER STATES

*ARIZONA*

Arizona offers parents two tax credits for education:

- $500 for contributions to 501(c)(3) nonprofit scholarship or tuition grant programs that pay for non-governmental school tuition. Parents may not designate the donation to benefit their own children, and nonprofit organizations may not designate the funds to benefit students of only one school.

- $200 tax credit for extracurricular public school fees, such as equipment, uniforms and materials that students must have in order to participate in school-sponsored activities and for which a fee is charged.

Both credits were adopted in 1997 by the Arizona Legislature. Immediately, state taxpayers and education groups, including the Arizona Education Association, filed a lawsuit in the Arizona Supreme Court to gain an expedited ruling on whether the credit for private school tuition violates federal and state constitutional prohibitions against government aid to religion. The Court, however, voted 3-2 to allow the tax credit.

*ILLINOIS*

In June 1999 Illinois enacted legislation that provides taxpayers with a non-refundable credit of up to $500 per family for qualified educational expenses for tuition, books, and lab fees. The credit equals 25 percent of qualified educational expenses above $250, up to the maximum of $500; a family must spend at least $2,250 to qualify for the full $500 credit.

*IOWA*

In 1987 the Iowa legislature first enacted legislation establishing tuition and textbook deductions or credits on personal income tax returns. The deduction was challenged in court, but found to be Constitutional since it was similar to the Minnesota tax deduction upheld by the Supreme Court in *Mueller v. Allen.* The tax credit for tuition is equal to 25 percent of the first $1,000 the taxpayer pays to others for tuition, non-religious textbooks, and extracurricular activities for each child in kindergarten through grade 12. Under a 1998 modification, there is no income limit on eligibility for the credit.

***Choice and Performance Incentives in Michigan***

Education policy initiatives in Michigan have put results first by empowering parents with school options and performance incentives for students. In recent years Michigan has seen an increase in the number of charter schools: in the spring of 2000 there were 173 charter schools in Michigan, and enrollment is expected to rise 15 percent this fall to more than 57,000. Because of this strong demand and swelling waiting lists, existing charter schools are adding classes; almost every school that is eligible to add a grade has requested permission to do so. Michigan has an open enrollment policy, which empowers parents to send their children to public schools of their choosing, when space is available. In the last decade Michigan students' test scores on the National Assessment of Educational Progress (NAEP) math test have increased at twice the national average, following right behind the nationally acclaimed progress of Texas and North Carolina.[116] Students have also made gains in reading as well.

The Subcommittee held a hearing in Battle Creek, Michigan on September 8, 1999, to hear Michigan's perspective on how improve student achievement and reform the federal role in education. The Secretary of the Treasury, Mark Murray, described for the Subcommittee Michigan's recent policy success in the area of choice:

> Governor Engler's leadership in the 1990s has made a big difference in education in the state. We've done financial reform, where we reduced the property taxes and found a new financing mechanism, and for the long term began to narrow the gap between the high and the low spending districts. Schools of choice and charter schools have given more opportunity to parents to select educational options for their children. These have set more consequences in place for both good and bad performance.

The demand for choice is strong in Michigan. Through the leadership of Amway President and former Michigan Board of Education member Richard DeVos, school choice activists and business leaders have formed *Kids First! Yes!* to rally around an effort to amend the Michigan state constitution to give parents whose children attend "at risk" school districts a publicly funded voucher to attend a school of choice. The *Kids First! Yes!* school choice proposal earned a place on the Michigan ballot in early May 2000. The amendment would repeal a 1972 amendment passed by voters that outlaws public aid to religious schools: it would remove the ban on vouchers and tuition tax credits, while maintaining the prohibition on providing direct aid to private schools. This proposal would establish a higher statewide per-pupil funding allowance, as well as require that every public school teacher in Michigan undergo regular academic testing in his or her subject area. It would also provide equal education opportunities for all Michigan students currently attending failing school districts, which are defined as school districts that do not graduate at least two-thirds of their students. Parents could use the $3,100 scholarships to pay for tuition at a non-public school.

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[116] David Grissmer, *Improving Student Achievement: What State NAEP Scores Tell Us*, RAND, July 2000.

Treasury Secretary Murray also described the Governor's newly enacted Michigan Merit Scholarship plan, which provides incentives for students to focus on individual achievement as well as to pursue post-secondary education. Academic achievement is measured using the Michigan Educational Assessment Program (MEAP). It is unique in the flexibility it provides students: the scholarship can be used to cover college (private or public) or vocational training expenses, and it also provides flexibility in the type of expenses the scholarship can cover. The $2,500 Michigan Merit Award Scholarship is first available to the graduating Class of 2000. Beginning with the graduating Class of 2005, there will be an additional award of up to $500 available. The Michigan Merit Scholarship program serves as another example of a state putting student performance first. As Secretary Murray said to the Subcommittee,

> With this program, we continue our commitment to and focus on student achievement and school performance. The Michigan Merit Award is a meaningful promise we can make to our students: "Study hard and achieve, and your state will stand behind you." I can't think of a better graduation gift to our high school seniors, or a better investment in our state's future.

***Education Freedom Linked to Higher Achievement***

School choice appears to be making a significant difference in the lives of disadvantaged students, especially African-American students. Researchers from Harvard, Georgetown, and the University of Wisconsin, released a study in August 2000 showing that African American students that received privately funded scholarships moved ahead of their peers who applied for scholarships, but did not receive them. Since the scholarships were awarded by lottery, it allowed researchers to set up an experiment that followed the progress of students that received the scholarship, and those that did not. The use of randomized field trials in this study is unusual for an education study, but is standard practice in medical and other fields of research.

The study compares the students' reading and math scores on the Iowa Test of Basic Skills over the first two years of the voucher program. Those moving to private schools scored six percentile points higher than those who stayed in public schools in New York City, Dayton, Ohio, and the Washington, D.C. The effect was largest in the District, where students with vouchers worth up to $1,700 moved nine percentile points ahead of public school peers.[117] The effect of vouchers over two years was twice as large as the effect of class size reduction among black students in the widely cited Tennessee class size reduction experiment.[118]

A similar study was also conducted by the Manhattan Institute of private voucher recipients in Charlotte, North Carolina. The study found that in one year, students using

[117] Jay Matthews, "Scores Improve for D.C. Students With Vouchers," *The Washington Post*, August 28, 2000, p.A1.

[118] William Howell, Patrick Wolfe, and Paul Peterson, "Test-Score Effects of School Vouchers in Dayton, Ohio, New York City, and Washington, D.C.: Evidence from Randomized Field Trials," John F. Kennedy School of Government, Harvard University, prepared for the annual meetings of the American Political Science Association, Washington, D.C., September 2000.

vouchers gained six points in math and seven points in reading when compared to the students who remained in the public schools.[119]

Another recent study found that education freedom is linked to higher student achievement. The study found that even after controlling for income, population demographics, income, education spending and class size, the amount of education freedom in a state is a significant predictor of student achievement. Texas and South Carolina, for example, are similar in characteristics that are commonly thought to influence student achievement, but Texas test scores are significantly higher. Texas offers more freedom, ranking 6th among states. South Carolina received a score that placed them 43rd.[120]

Despite the Administration's opposition to experimenting with school choice, public support for choice and vouchers remains strong, according to recent polls:

- A Joint Center for Political and Economic Studies poll found in 1999 that 53 percent of the general population and 60 percent of African Americans support vouchers.[121]

- Public Agenda found in its 1999 study *On Thin Ice* that even though more than half of Americans are uninformed about vouchers, 57 percent of the general public favor the idea of parents being given a voucher and 70 percent would seriously consider or definitely use a voucher to send their child to a private school. 68 percent of African-Americans favor the vouchers to pay for al or part of tuition.[122]

- In August 2000 a Hunter College survey of New York City residents found vouchers favored by 87 percent of Hispanics, 83 percent of African-Americans, and 86 percent of Asians.[123]

In addition to public opinion being on the side of testing vouchers, a 1999 study commissioned by the U.S. Department of Education called for a "large and ambitious" ten-year, multi-district voucher experiment. The report was written by the National Research Council's (NRC) committee on education finance, a group of 18 experts in education. According to the report, a large-scale voucher study would help determine whether giving public school students vouchers to pay for tuition at private schools can improve achievement, especially for students in poor, urban areas: "Both theory and empirical evidence suggest that, among choice options, charter schools and vouchers, rather than inter-district and intra-district choice programs, [are] the approaches most worthy of further exploration as vehicles for improving poor-performing schools."[124]

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[119] Darcia Bowman, "Privately Financed Vouchers Help Black Students, Two Studies Find," *Education Week*, September 6, 2000.

[120] Jay P. Greene, *The Education Freedom Index*, Center for Civic Innovation at the Manhattan Institute, Civic Repot No. 14, September 2000, p. 15.

[121] David A. Bositis, "1999 National Opinion Poll, Education," *Joint Center for Political and Economic Studies*, 1999.

[122] www.PublicAgenda.org/specials/vouchers/voucherfinding2.htm

[123] "An Al Gore Education?," Review and Outlook, *The Wall Street Journal*, August 31, 2000.

[124] National Research Council, *Making Money Matter: Financing America's Schools*, National Academy Press, Washington, D.C., September 1999, p. ES-18-19.

The Administration has not acted on the recommendations of the NRC report, and appears unswayed by public opinion on this issue. On July 5, 2000 at the National Education Association's national convention in Chicago, Vice-President Gore stated, "I will never, ever support private school vouchers.... It's as clear as ABC. You cannot save the public schools of America by destroying public schools in America." Instead of promising never to support initiatives involving vouchers, based on these results the Administration should be willing to experiment to see if these achievement gains could be replicated, and as the findings indicate, put the interests of students first by freeing them to attend schools that better address their needs.

## CONCLUSION: PUT CHILDREN FIRST SO THAT NO CHILD IS LEFT BEHIND

Over the last two years the Subcommittee on Oversight and Investigations has collected research, oversight and hearing data that continue to make the case that changes need to be made at all levels of government to ensure that children are truly put first in education. The lack of progress in improving achievement and narrowing achievement gaps, as well as the continued inequities in access to high quality education are unacceptable. Years of mismanagement, fraud and waste at the Department have also hurt children by reflecting poorly on the federal government's commitment to education.

Simply put, the interests of children and parents are second to too many other interests. Too often education policy debates are not honest because of a fear of change and of any new policy that disrupts the status quo. Americans are not satisfied with the status quo – especially Americans with children trapped in low-performing schools. Congress should act swiftly during the next Congress to enact legislation that is right for children and their parents.

***Empower Parents***

- ✓ Expand, empower and protect charter schools.
- ✓ Enact education tax deductions.
- ✓ Encourage school choice.

***Expand Flexibility and Accountability for Results***

- ✓ Empower school districts to improve teacher quality or reduce class size according to their needs.
- ✓ Put performance and accountability first and enact the Straight A's Act.
- ✓ Empower schools to pay teachers according to their performance
- ✓ Focus the federal role in education on a few important goals and consolidate and eliminate duplicative and ineffective education programs.

***Work to Ensure that <u>ALL</u> Have Access to a High Quality Education***

- ✓ Place a priority on raising the achievement of all students, even the lowest performing students.
- ✓ Free children from failing schools.
- ✓ Fight illiteracy among disadvantaged students.

***Ensure that Federal Dollars are Spent With Integrity at the Department of Education***

- ✓ Conduct oversight to ensure that the Department meets its goal of receiving a clean, independent audit.
- ✓ Institute institutional checks and balances to ensure that education research, statistics and evaluations are conducted and presented in a rigorous and unbiased manner.

- ✓ Work to improve overall management and quality of the Department's management of its finances and internal operations in order to reduce waste, fraud and abuse.

***Make the Federal Role in Education Less Burdensome***

- ✓ Eliminate and consolidate duplicative and ineffective programs.
- ✓ Improve evaluation and oversight of federal programs to ensure that federal dollars produce results.
- ✓ Reform the Department's Office of Education Research and Improvement (OERI) so that it serves the needs of teachers and students, not researchers, so that we know what really works in the classroom.
- ✓ Ensure that federal research and program evaluation activities employ rigorous research methods in order to produce credible, useful results.

There is too much at stake to allow the federal education system to dictate how children are educated in the United States. There is too much at stake to waste scarce resources on mismanagement and failed programs. Congress should work to make the difficult policy decisions that need to be made at the federal level, and empower states and parents to ensure that student performance is put first, not the status quo.

# APPENDIX 1

## Subcommittee on Oversight and Investigations
## Education Related Hearings, 106th Congress

| *FIELD HEARINGS* | | |
|---|---|---|
| *Date* | *Location* | *Witnesses* |
| *CHICAGO EDUCATION REFORMS AND THE IMPORTANCE OF FLEXIBILITY IN FEDERAL EDUCATION PROGRAMS* | | |
| 4/19/99 | Chicago, IL | • The Honorable J. Dennis Hastert, Speaker of The House of Representatives<br>• Paul Vallas, Chief Executive Officer, Chicago Public Schools<br>• William J. Bennett, Co-Director, Empower America, Washington, D.C.<br>• Glenn McGee, Superintendent of Education, State of Illinois<br>Hazel Loucks, Deputy Governor for Education, State of Illinois<br>• Cynthia Barron, Principal, Jones Magnet High School, Chicago, Illinois<br>• William Miceli, Teacher, Jones Magnet High School, Chicago, Illinois<br>• Valencia Rias, Parent Representative, Local School Council, Jones Magnet High School, Chicago, Illinois<br>• Ashley Walls, Student, Jones Magnet High School, Chicago, Illinois |
| *Improving Student Achievement and Reforming the Federal Role in Education* | | |
| 9/8/99 | Battle Creek, MI | • Peter McPherson, President, Michigan State University<br>• Peter Mitchell, President, Albion College<br>• Mark A. Murray, State Treasurer of Michigan<br>• John DeLine, Superintendent, Tekonsha Community Schools<br>• Thomas Stobie, Principal, Jackson High School<br>• Michael Gagnon, Council for Employment Needs and Training Employment Services<br>• Julie Johnson, EMI Special Education Teacher, Union City Schools<br>• Melinda Sloma, Student, Battle Creek Central High School<br>• Travis Ebel, Student, Lakeview High School |
| *Dropout Prevention* | | |
| 1/24/00 | Albuquerque, NM | • Miguela Rivera, Deputy Director of Prevention |

| | | |
|---|---|---|
| | | and Intervention Division, Children, Youth and Families Dept.<br>• Lois Weigand, Emmanual Baptist Child Development Center and Academy<br>• Moises Venegas, Director, Albuquerque Partnership<br>• Dr. Viola Florez, Dean, College of Education, University of New Mexico<br>• Chris Baca, Headstart Director<br>• Peter Winograd, Director, Center for Teacher Education, University of New Mexico<br>• Dr. Joe Vigil, Associate Superintendent, Albuquerque Public Schools<br>• Roger Cox, Roger Cox and Associates<br>• Alan Marks, Parent<br>• Captain J. Craig McClure, Danforth Fellow, University of New Mexico Sierra Alternative Program<br>• Geoff Joslin, Student<br>• G.P. Joslin, Parent |
| *The Impact of Federal Policies on State and Local Efforts to Reform Education* | | |
| 1/25/00 | Lakewood, CO | • William J. Moloney, Commissioner of Education, Colorado Department of Education, and Secretary, Colorado Board of Education<br>• Terri Rayburn, Senior Policy Analyst on Education, Colorado Department of Education<br>• Harold Doiron, Legislative Aide, on Behalf of Representative Don Lee, 28th District, Colorado House of Representatives<br>• Joey Lopez, Senior, Fort Collins High School, Fort Collins, Colorado<br>• Randy Everett, M.D., Creator of Core Knowledge Sequence Alternative School, Fort Collins, Colorado<br>• Tom Jandis, Division Director of State Services, Education Commission of the States<br>• Teri Spray, Founder and Director, Christian Cottage Schools |
| Putting Performance First: Academic Accountability and School Choice in Florida | | |
| 3/27/00 | Temple Terrace, Florida | • Dr. David Bennett, Superintendent, Sarasota County Public Schools, Sarasota, Florida, Accompanied by Janice Mead and Laura Benson<br>• Dr. Earl Lennard, Superintendent, Hillsborough County Public Schools, Tampa, Florida<br>• Tracy Richardson, Parent of Voucher Student, Pensacola, Florida<br>• David S. Lourie, Terrace Community School, |



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| | | Tampa, Florida<br>• Joanne Nelson, President, Florida Association of Charter Schools, and Director of Education, Charter School of Tampa Bay Academy, Riverview, Florida<br>• Jim May, Superintendent, Escambia County Public Schools, Pensacola, Florida<br>• Honorable Jim Gallagher, Commissioner of Education, State of Florida |
| ***Parental Empowerment and School Choice in Minnesota*** | | |
| 6/6/00 | Bloomington, Minnesota | • Arne H. Carlson, Former Governor of Minnesota<br>• Alice Seagren, Representative, Minnesota House of Representatives<br>• Keith Dixon Ph.D. Superintendent, Fairbault School District<br>• Eric Mahmoud, President, Harvest Preparatory Charter School/Seed Academy<br>• Morgan Brown, Executive Director, Partner for Choice in Education<br>• Brent Robbins, Kids First Scholarship Fund<br>• Angelique Ellis, Parent<br>• Mark Olson, Representative, Minnesota House of Representatives<br>• Lawrence Wohl, Ph.D., Professor of Economics and Management, Gustavus Adolphus College<br>• John Scribante, Innovize<br>• Karen Effrem, M.D.<br>• Kim Norton, President, Minnesota PTA |
| **D.C. HEARINGS** | | |
| **Date** | **Title** | **Witnesses** |
| 5/12/99 | *Hearing to Review the Management of the Year 2000 Computer Problem by the Department of Education and Department of Labor* | • Marshall Smith, Acting Deputy Secretary, DOE<br>• Patricia A. Dalton, Assistant Inspector General, Office of Inspector General, DOL<br>• Terri Shaw, Vice President, Sallie Mae, Inc.<br>• Joel Willemssen, Director of Civil Agencies Information Systems Issues, GAO<br>• Patricia W. Lattimore, Assistant Secretary for Administration and Management |
| 5/27/99 | *Hearing on the Review and Oversight of the 1998 Reading Results of the National Assessment of Educational Progress (NAEP)- The Nation's Report Card* | • Dr. Pascal D. Forgione, Jr., Commissioner, National Center For Education Studies<br>• Mark Musick, Chairman, National Assessment Governing Board |

| | | |
|---|---|---|
| 6/22/99 | *Hearing on the Review and Oversight of the Department of Education's Office for Civil Rights* | • Norma Cantu, Assistant Secretary, Office for Civil Rights, DOE<br>• Linda Chavez, President, Center of Equal Opportunity |
| 12/6/99 | *Financial Management Practices of the Department of Education* | • Marshall Smith, Acting Deputy Secretary, U.S. DOE<br>• Gloria Jarmon, Director, Health, Education and Human Services, Accounting and Financial Management Issues, U.S. General Accounting Office<br>• Micheal Lampley, Partner, Ernst & Young, LLP |
| 3/1/00 | *Hearing on Financial Management at the Department of Education* | • Gloria Jarmon, Director, Health, Education, and Human Services, Accounting and Financial Management Issues, U.S. General Account Office, Washington, D.C.<br>• Frank S. Holleman III, Deputy Secretary, U.S. Department of Education, Washington, D.C.<br>• Lorraine Lewis, Inspector General, U.S. Department of Education, Washington, D.C.<br>• Michael Lampley, Partner, Ernst & Young, LLP, Washington, D.C. |
| 3/3/00 | *Hearing on Charter Schools: Successes and Challenges* | • Jon Schroeder, Executive Director, Charter Friends National Network, St. Paul. Minnesota<br>• Kathryn Knox, PhD. Headmaster, Liberty Common Charter School, Ft. Collins, Colorado<br>• Irasema Salcido, Principal, Cesar Chavez Charter School for Public Policy, Washington, D.C.<br>• Irene Sumida, Director of Instruction, Fenton Charter School, Lake View Terrace, California |
| 9/19/00 | *Hearing on Financial Management Issues at the Department of Education* | • Gloria Jarmon, Director, Heath, Education and Human Services, GAO<br>• Daniel J. Murrin, Partner, Ernst & Young, LLP<br>• Lorraine Lewis, Inspector General, DOE |
| 10/4/00 | *Hearing on Safety in Study Abroad Programs* | • Lee Fritschler, Assistant Secretary, Office of Postsecondary Education, DOE<br>• Diane Andruch, Managing Director for Overseas Citizens Services, Bureau of Consular Affairs, Department of State<br>• Peter McPherson, President, Michigan State University<br>• Brett Laquercia, Director of Business Development, Security Services, Kroll Associates<br>• John Amato, Parent<br>• David Larson, Vice President, Director of the Center for Education Abroad, Beaver College |



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## APPENDIX 2

### OTHER EDUCATION RELATED COMMITTEE HEARINGS

| Date | Title | Subcommittee |
|---|---|---|
| 1/28/99 | Implementing School Reform in the States and Communities | *Full Committee* |
| 2/25/99 | Putting Performance First: Hearing on Ed-Flex and It's Role in Improving Student Performance and Reducing Bureaucracy | *Early Childhood, Youth and Families* |
| 3/9/99 | School Discipline: What's Happening in the Classroom? | *Early Childhood, Youth and Families* |
| 3/11/99 | School Violence: Protecting Our Children | *Early Childhood, Youth and Families* |
| 3/18/99 | Juvenile Justice and Delinquency Prevention Act: Preventing Juvenile Crime at School and in the Community | *Early Childhood, Youth and Families* |
| 3/25/99 | Juvenile Crime Control and Delinquency Prevention Act | *Early Childhood, Youth and Families* |
| 4/8/99 | What Congress Can Learn from Successful State Education Reform Efforts<br>Scottsdale, AZ | *Early Childhood, Youth and Families* |
| 4/12/99 | Education Technology and the Elementary and Secondary Education Act<br>Newark, DE | *Early Childhood, Youth and Families* |
| 4/14/99 | Title I of the Elementary and Secondary Act: An Overview | *Full Committee* |
| 4/29/99 | Improving Student Achievement: Examining the Impact of Teacher Quality and Class Size | *Post-Secondary Education, Training and Life Long Learning* |
| 5/5/99 | Flexibility for Quality Programs and Innovative Ideas for High Quality Teachers | *Post-Secondary Education, Training and Life Long Learning* |
| 5/10/99 | Teacher Quality: The California Experience<br>Granada Hills, CA | *Post-Secondary Education, Training and Life Long Learning* |
| 5/11/99 | Education Technology Programs Authorized Under The Elementary and Secondary Education Act (ESEA) | *Early Childhood, Youth and Families* |
| 5/13/99 | Developing and Maintaining a High-Quality Teacher Force | *Post-Secondary Education, Training and Life Long Learning* |

| | | |
|---|---|---|
| 5/18/99 | School Violence: Views of Students and the Community | *Early Childhood, Youth and Families* |
| 5/20/99 | Academic Achievement for All: Increasing Flexibility and Improving Student Performance and Accountability | *Full Committee* |
| 5/25/99 | Education Reform: Putting the Needs of our Children First | *Early Childhood, Youth and Families* |
| 6/9/99 | Academic Accountability | *Early Childhood, Youth and Families* |
| 6/10/99 | Key Issues in the Authorization of Title I of the Elementary and Secondary Education Act | *Full Committee* |
| 6/17/99 | Overview of Federal Education Research and Evaluation Efforts | *Full Committee* |
| 6/24/99 | Examining The Bilingual Education Act | *Early Childhood, Youth and Families* |
| 7/1/99 | Business Community Views on Reform and Elementary and Secondary Education Act | *Full Committee* |
| 7/13/99 | Comprehensive School Reform: Current Status and Issues | *Full Committee* |
| 7/15/99 | Elementary and Secondary Education Act- Educating Diverse Populations | *Early Childhood, Youth and Families* |
| 7/20/99 | Examining Education Programs Benefiting Native American Children | *Early Childhood, Youth and Families* |
| 7/22/99 | Helping Migrant, Neglected and Delinquent Children Succeed in School | *Full Committee* |
| 7/27/99 | Title I: What's Happening at the School District and School Building Level | *Full Committee* |
| 8/3/99 | Drug Abuse Prevention: Protecting Our Children | *Early Childhood, Youth and Families* |
| 8/12/99 | Field Hearing on Excellence in Education Through Innovative Alternatives<br>Greenville, SC | *Early Childhood, Youth and Families* |
| 8/13/99 | School Safety, Discipline and IDEA<br>Waynesboro, GA | *Early Childhood, Youth and Families* |
| 8/30/99 | Field Hearing on Technology in Schools: Preparing for the 21st Century<br>Petaluma, CA | *Early Childhood, Youth and Families* |



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|---|---|---|
| 9/1/99 | Effective School Safety and Drug Prevention Efforts in Our Schools and Communities<br>New Haven, IN | *Early Childhood, Youth and Families* |
| 9/2/99 | Field Hearing on Programs Focused on Improving Academic Achievement, Producing Quality Teachers, and promoting School Safety<br>Roswell, GA | *Early Childhood, Youth and Families* |
| 9/8/99 | Field Hearing on Challenges and Innovations in Elementary and Secondary Education<br>Raleigh, NC | *Early Childhood, Youth and Families* |
| 2/2/00 | The Federal Role in K-12 Mathematics Reform<br>ECYF & PSETLL | *Early Childhood, Youth and Families* |
| 2/9/00 | Title VI- Providing Flexibility for Innovative Education | *Early Childhood, Youth and Families* |
| 2/10/00 | Examining the 21st Century Community Learning Centers Program | *Early Childhood, Youth and Families* |
| 3/1/00 | The Role of Character Education In America's Schools | *Early Childhood, Youth and Families* |
| 3/8/00 | The Role of Technology in America's Schools | *Early Childhood, Youth and Families* |

# APPENDIX 3

## TOTAL FEDERAL GOVERNMENT SPENDING ON EDUCATION

In 2000, the federal government spent a total of $122.8 billion on education. Only a fraction of this money goes to schools. Some will go to state agencies, some to colleges or other institutes of higher learning. Out of all of the money spent on education, $26.4 billion went to local education agencies to be used for elementary and secondary education. **This means that 21.5 percent of all federal education dollars are spent on children in elementary and secondary schools.**

**Federal Support for education, by level and type of ultimate recipient**

(Amounts in billions of current dollars)

| Year and level | Ultimate recipient | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Total | LEA | SEA | College Student | IHE | FED | Multiple Types | Other |
| **1980 total** | **$39.3** | **$10.9** | **$1.4** | **$9.1** | **$11.2** | **$1.4** | **$2.5** | **$2.8** |
| Elementary and secondary | 16.0 | 10.9 | 0.9 | 1.6 | * | 0.7 | 1.9 | * |
| Postsecondary | 11.1 | - | 0.1 | 5.4 | 3.8 | 0.2 | 0.3 | 1.3 |
| Research | 5.8 | - | - | - | 5.8 | - | - | - |
| Other | 6.4 | * | 0.4 | 2.1 | 1.6 | 0.5 | 0.3 | 1.4 |
| **1990 total** | **62.8** | **13.9** | **3.3** | **10.5** | **20.4** | **2.4** | **5.5** | **6.7** |
| Elementary and secondary | 22.0 | 13.9 | 1.2 | 0.7 | 0.1 | 1.4 | 4.5 | 0.1 |
| Postsecondary | 13.7 | - | 0.3 | 4.9 | 4.0 | 0.2 | 0.6 | 3.7 |
| Research | 12.6 | - | - | - | 12.6 | - | - | - |
| Other | 14.6 | * | 1.7 | 4.9 | 3.7 | 0.8 | 0.4 | 3.0 |
| **2000 total** | **122.8** | **26.4** | **7.0** | **23.4** | **39.9** | **3.6** | **12.1** | **10.3** |
| Elementary and secondary | 44.0 | 26.4 | 3.5 | 1.5 | 0.3 | 2.0 | 10.3 | 0.1 |
| Postsecondary | 19.9 | - | 0.1 | 8.5 | 7.4 | 0.2 | 0.8 | 2.9 |
| Research | 21.0 | - | - | - | 21.0 | - | - | - |
| Other | 37.9 | * | 3.4 | 13.4 | 11.2 | 1.4 | 1.1 | 7.4 |

* $50 million or less.
\- Not applicable.

*Key to the tables:*

LEA.....Local Education Agency
SEA.....State Education Agency
IHE.....Institutes of Higher Learning
FED.....Federal
Multiple types.....Includes more than one of the other groups in the table
Other.....Anything not included in one of the other groups in the table

# APPENDIX 4

## U.S DEPARTMENT OF EDUCATION SPENDING

Of the $115.6 billion (federal money) spent in FY 1999 for education, 34.5 billion was spent by the U.S. Department of Education. Of that amount, 12.8 billion was spent on elementary and secondary education at the local level. This means that **37.2 percent of the Department's budget goes to the local level for K-12 education.**

**U.S. Department of Education outlays, by level of education and type of recipient**
(In millions of current dollars)

| Year and area of education | Total | LEA | SEA | College Students | IHE | FED | Multiple types | Other |
|---|---|---|---|---|---|---|---|---|
| **1999 Total** | **34,510.2** | **12,825.9** | **4,241** | **6,242.2** | **6,726.2** | **539.5** | **1,574.8** | **2,360.6** |
| Elementary and Secondary | 16,386.3 | 12,815.5 | 1,802.1 | 275.6 | 168.4 | 58.0 | 1,200.6 | 66.0 |
| Postsecondary Education | 14,223.5 | - | 82.7 | 5,966.6 | 6,027.8 | - | - | 2,146.4 |
| Other Programs | 3,370.4 | 10.4 | 2,356.1 | - | - | 481.5 | 374.2 | 148.2 |
| Education Research and Statistics | 530.0 | - | - | - | 530.0 | - | - | - |

- Data are not available or not applicable.

* $50 million or less.
- Not applicable.

*Key to the tables:*

LEA.....Local Education Agency
SEA.....State Education Agency
IHE.....Institutes of Higher Learning
FED.....Federal
Multiple types.....Includes more than one of the other groups in the table
Other.....Anything not included in one of the other groups in the table

## APPENDIX 5

### Education Related GAO Reports

(by Fiscal Year)

**FY 1998**

1. Charter Schools: Federal Funding Available but Barriers Exist, HEHS-98-84

2. Charter Schools: Recent Experiences in Accessing Federal Funds, T-HEHS-98-129

3. Department of Education: Information Needs Are at the Core of Management Challenges Facing the Department, T-HEHS-98-124

4. Direct Student Loans: Efforts to Resolve Lenders' Problems With Consolidations Are Under Way, HEHS-98-103

5. Elementary and Secondary Education: Flexibility Initiatives Do Not Address Districts' Key Concerns About Federal Requirements, HEHS-98-232

6. Federal Education Funding: Multiple Programs and Lack of Data Raise Efficiency and Effectiveness Concerns, T-HEHS-98-46

7. Head Start: Challenges Faced in Demonstrating Program Results and Responding to Societal Changes, T-HEHS-98-183

8. Head Start: Challenges in Monitoring Program Quality and Demonstrating Results, HEHS-98-186

9. Head Start Programs: Participant Characteristics, Services, and Funding, HEHS-98-65

10. Head Start: Research Insufficient to Assess Program Impact, T-HEHS-98-126

11. Higher Education: Students Have Increased Borrowing and Working to Help Pay Higher Tuitions, HEHS-98-63

12. Higher Education: Tuition Increases and Colleges' Efforts to Contain Costs, HEHS-98-227

13. Individuals With Disabilities Education Act: School Districts' Response to Regulatory Deadline, T-HEHS-98-156

14. Safe and Drug-Free Schools: Balancing Accountability With State and Local Flexibility, HEHS-98-3

15. School Facilities: Reported Condition and Costs to Repair Schools Funded by Bureau of Indian Affairs, HEHS-98-47
16. School Finance: State and Federal Efforts to Target Poor Students, HEHS-98-36

17. School Finance: State Efforts to Equalize Funding Between Wealthy and Poor School Districts, HEHS-98-92

18. School Technology: Five School Districts' Experiences in Financing Technology Programs, T-HEHS-98-83

19. School Technology: Five School Districts' Experiences in Funding Technology Programs, HEHS-98-35

20. Student Financial Aid: Schools' Experiences Using the National Student Loan Data System, HEHS-98-192

21. Student Loans: Characteristics of Students and Default Rates at Historically Black Colleges and Universities, HEHS-98-90

22. Student Testing: Issues Related to Voluntary National Mathematics and Reading Tests, HEHS-98-163

**FY 1999**

1. Ed-Flex Program: Increase in Flexibility Useful but Limited by Scope of Waiver Authority, T-HEHS-99-67

2. Elementary and Secondary Education: Ed-Flex States Vary in Implementation of Waiver Process, HEHS-99-17

3. Federal Research Grants: Compensation Paid to Graduate Students at the University of California, OSI-99-8

4. Goals 2000: Flexible Funding Supports State and Local Education Reform, HEHS-99-10

5. Results Act: Using Agency Performance Plans to Oversee Early Childhood Programs, T-HEHS-99-93

6. Schools And Libraries Program: Actions Taken to Improve Operational Procedures Prior to Committing Funds, RCED-99-51

7. Student Loans: Default Rates Need To Be Computed More Appropriately, HEHS-99-135

8. Teacher Training: Over $1.5 Billion Federal Funds Invested in Many Programs, T-HEHS-99-117
9. Telecommunications Technology: Federal Funding for Schools and Libraries, HEHS-99-133

## FY 2000

1. Department of Education: Compliance With the Federal Advisory Committee Act and lobbying Restrictions, GGD/OGC-00-18

2. Early Childhood Programs: Characteristics Affect the Availability of School Readiness Information, HEHS-00-38

3. Education and Care: Early Childhood Programs and Services for Low-Income Families, HEHS-00-11

4. Education Discretionary Grants: Awards Process Could Benefit From Additional Improvements, HEHS-00-55

5. Elementary and Secondary Education: Flexibility Initiatives Do Not Address Districts' Key Concerns About Federal Requirements, T-HEHS-00-51

6. Public Education: Title I Services Provided to Students With Limited English Proficiency, HEHS-00-25

7. Migrant Children: Education and HHS Need to Improve the Exchange of Participant Information, HEHS-00-4

8. School Facilities: Construction Expenditures Have Grown Significantly in Recent Years, HEHS-00-41

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